

**HOME Investment Partnerships Program  
Competitive Application**

**EXHIBIT 14-A**

**MANAGEMENT PLAN FILLABLE-FORM INSTRUCTIONS  
FOR RENTAL ACTIVITIES – Acquisition Rehab**

**Table of Contents**

INTRODUCTION.....	1
PART I: GRANT ADMINISTRATION.....	2
A. GENERAL PROJECT DESCRIPTION .....	2
B. PROJECT IMPLEMENTATION SCHEDULE .....	4
C. GRANT MANAGEMENT AND ORGANIZATIONAL STRUCTURE .....	4
D. FINANCIAL MANAGEMENT.....	5
E. CERTIFICATIONS, PLANS, POLICIES, AND RESOLUTIONS.....	6
F. OTHER REQUIREMENTS .....	6
G. ENVIRONMENTAL REQUIREMENTS .....	7
SECTION 1: ACQUISITION REGULATIONS .....	11
A. VOLUNTARY ACQUISITION.....	11
SECTION 2: RELOCATION.....	12
SECTION 3: PROPERTY STANDARDS .....	14
SECTION 3-B: Rehabilitation of Existing Rental Housing .....	15
SECTION 4: ACCESSIBILITY STANDARDS .....	17
SECTION 4-B: Rehabilitation of Rental Housing .....	17
SECTION 5: CONSTRUCTION CONTRACTING REQUIREMENTS .....	18
SECTION 5.A: Section 3-Economic Opportunities .....	19
SECTION 5.B: Minority and Women-Owned Business Enterprise .....	20
SECTION 5.C: Davis-Bacon Wages and Contract Work Hours and Safety Standards Act 20	
SECTION 5.D: Other Labor Requirements.....	22
SECTION 5.E: Procurement Conflict of Interest .....	22
SECTION 6: PERIOD OF AFFORDABILITY .....	24
SECTION 7: SIGNATURES.....	25
PART III: PROPERTY MANAGEMENT AND LONG-TERM COMPLIANCE PLAN.....	26
INTRODUCTION .....	26
A. GENERAL PROJECT DESCRIPTION .....	28
B. GENERAL ADMINISTRATION AND PROPERTY MANAGEMENT STRUCTURE .....	28
C. MARKETING STRATEGY, AFFIRMATIVE MARKETING, AND FAIR HOUSING.....	30
D. RENT LIMITS AND RENT MANAGEMENT .....	32
E. INCOME DEFINITION, INCOME TARGETING, AND HOME INCOME LIMITS.....	34
F. RESIDENT/TENANT SELECTION PROCEDURES .....	37

G. PROPERTY (HQS) INSPECTIONS ..... 39

H. TENANT LEASES, RIGHTS, PROTECTIONS, AND SERVICES ..... 39

I. TENANT-MANAGEMENT RELATIONSHIP ..... 42

J. MAINTENANCE AND REPAIR PROGRAM..... 43

K. FINANCIAL MANAGEMENT OF THE PROPERTY ..... 44

SIGNATURES ..... 49

## INTRODUCTION

The purpose of the management plan is to create a written strategy for administering the grant funds, to ensure knowledge of and compliance with HOME requirements and regulations, and to ensure the continuity of program administration regardless of changes in the organization's personnel. This template is to be used in creating such a plan.

**NOTES** are additional information and instructions provided to assist the preparer of this document.

**NOTES:** Are highlighted in gray boxes. Links to further information in the [HOME Administration Manual](#) are provided, where appropriate, for additional guidance and information

- ▶ Ensure exhibits and attachments to Management Plan are labeled and are placed in the appropriate folders located at [www.mtcommerce.sharefile.com](http://www.mtcommerce.sharefile.com). When finished with the management plan, every folder should contain a file unless the folder is marked "if applicable".
- ▶ There are times, in this management plan, where you will be asked to attach a document that has been requested in another area. **These requests are highlighted in yellow** to alert you that this document may already have been placed in the folder, in the hopes that you do not duplicate your efforts.
- ▶ Please make sure you are using the Management Plan instructions designed specifically for the application you are submitting. These instructions correspond to the Management Plan fillable form to be submitted with an Acquisition Rehabilitation Rental Project Application.

## PART I: GRANT ADMINISTRATION

This part presents the steps all Grantees must take to receive and manage HOME funds, regardless of the type of program and activity.

### A. GENERAL PROJECT DESCRIPTION

**Part I.A.1.** Provide a brief description of the project including the type of project, the type of property, location, the total number of units, the **number of HOME-assisted units**, etc.

All proposed HOME rental projects must meet HUD's **Fair Share** and **Subsidy Limit** tests: the minimum number of HOME units is the **GREATER** of the fair share number of units or the number determined by the subsidy limit test. (See Application Guidelines, Section IV.A.2-*Determining the Number of HOME Units: Fair Share and Subsidy Limit Tests*)

**Fair Share** =  $\frac{\text{Planned HOME Investment}}{\text{Total Eligible Project Costs}} \times \text{Total Number of Units in Project}$

**221(d)(3) Subsidy Limit Test** =  $\frac{\text{Planned HOME Investment}}{221(d)(3) \text{ Subsidy Limit}}$

**Part I.A.1.a.** If doing a rental project containing both HOME-assisted and non-HOME-assisted units, specify whether HOME-assisted units will be **fixed** or **floating** as well as the size of the units, number of bedrooms, features, and amenities.

For properties with both HOME-assisted and non-assisted units, the Applicant/Grantee must select "fixed" or "floating units." (See Application Guidelines, Section IV.A.1-*Designating HOME-Assisted Units: Fixed or Floating*)

- **Fixed:** When HOME-assisted units are "fixed", the specific units that are HOME-assisted (and, therefore, subject to HOME rent and occupancy requirements) are designated and **never change**.
- **Floating:** When HOME-assisted units are "floating", the units designated as HOME-assisted may change over time as long as the total number of HOME-assisted units in the project remains constant. By definition, **floating units must be comparable** in terms of size, features and number of bedrooms.

The floating designation gives the owner some flexibility in assigning units. However, if the floating designation is used, the owner **must ensure the HOME-assisted units remain comparable** to the non-assisted units over the affordability period in terms of size, features, and number of bedrooms.

**NOTE:** The HOME Program recommends that the HOME units be "fixed", especially if other funding sources are involved, and all the units are not HOME-assisted because of the complexities involved with complying with varying regulations.

**Part I.A.2.** Describe the program area (boundaries).

**Part I.A.3.** Define the type(s) of HOME subsidy the Applicant/Grantee will provide to the project(s).

The following types of subsidy by the Applicant/Grantee are eligible for rental projects:

- **Interest-bearing loan:** The loan is amortizing and repayment is expected on a regular basis, over a fixed period of time, so that all the principal and interest is repaid. The interest rate may be at or below the prevailing market rate. The term of the loan may vary. The property or some other assets are used as collateral.

- *Non-interest-bearing loan*: The principal amount of such loans is paid back on a regular basis over time, but no interest is charged. The property or some other assets are used as collateral.
- *Deferred loan (forgivable or repayable)*: The loan is not fully amortized. Instead, some, or even all, principal and interest payments are deferred to some point in the future. The property or some other assets are used as collateral. A deferred loan can be structured in different ways.
  - A deferred loan can be forgivable or repayable. If forgivable, the forgiveness might be structured to occur at a point in time or of forgiven incrementally over time. If repayable, repayment might be required at the sale or transfer of the property or at the end of a fixed period of time.
  - The loan can accrue interest or be non-interest-bearing.
  - The loan can be used to help a rental project by allowing deferral of loan payments for the first few years until the project becomes stable.
- *Grant*: Grants are provided with no requirement or expectation of repayment.
- *Equity investment*: An equity investment is an investment made in return for a share of ownership. The Grantee acquires a financial stake in the assisted property and is paid a monetary return on the investment if money is left over after expenses and loans are paid.

**Part I.A.4.** Specify the amount of per unit subsidy for the project.

**NOTES:** Before determining the allowable HOME subsidy amount, the Applicant must establish the total HOME-eligible cost for the project. For mixed projects with HOME-assisted and non-HOME-assisted units, the Applicant must allocate costs across units. If both the assisted and non-assisted units are comparable in size, features and number of bedrooms, the HOME-eligible costs can be pro-rated across units.

Since floating units, by definition, must be comparable, costs should always be pro-rated. HOME funds can pay the pro-rated share of the HOME-assisted units. The units can be either floating or fixed. **If assisted and non-assisted units are *not* comparable, ACTUAL costs must be determined and allocated unit-by-unit, charging only actual costs to the HOME Program plus a pro-rata share of common costs. The units must be fixed.**

See Application Guidelines: Sections III.F.3-*Minimum Amount of Assistance*, III.F.2-*Maximum per Unit Subsidy Limits and Maximum Purchase Price Limits*, III.F.1-*Subsidy Layering*, and IV.A-*Rental Housing*)

**Part I.A.5.** Identify whom the program will target.

**Part I.A.5.a.** Describe how HOME income targeting requirements will be met.

All HOME funds (100%) must assist households with incomes at or below 80% of area median income. See Application Guidelines: Section III.D-*Project Beneficiaries* for additional guidance on income targeting. In addition, HOME funds may be targeted toward certain special populations, such as individuals with disabilities, the elderly, etc.

**Part I.A.6.** Define the period of long-term affordability (from [Part II, Section 6](#)) for the project.

**Part I.A.6.a.** Describe how it will be enforced: through deed restrictions, covenants running with the land, or another HOME-approved mechanism.

**Part I.A.6.b.** Attach a draft copy of the agreement that will be used.

See Application Guidelines: Sections III.E-*Long-Term Affordability* and IV.A.4-*Period of Affordability*; and [HOME Administration Manual, Chapter 7, Exhibit 7-H](#), for a sample Deed Restriction Agreement.

**Part I.A.7.** If the project is mixed income and/or mixed use, describe the mix and how it meets HOME requirements.

## B. PROJECT IMPLEMENTATION SCHEDULE

**Part I.B.1.** Provide a **narrative description** to accompany the Implementation Schedule (Part XIV, SEC B – PROJ INFO tab) from the [Uniform Application](#).

**Part I.B.2.** Identify any activities that were performed before submittal of application.

**Part I.B.3.** Identify the major activities planned for the proposed project.

**Part I.B.4.** Explain how the Applicant/Grantee will ensure **all funds are spent within 36 months** from the date the MDOC Director signs the contract. (Must be clearly identified in Implementation Schedule.)

## C. GRANT MANAGEMENT AND ORGANIZATIONAL STRUCTURE

**Part I.C.1.** Name of project Applicant/Grantee:

**Part I.C.1.a.** Is the Applicant/Grantee a:

- ☐ City/Town/County
- ☐ PHA
- ☐ CHDO

**Part I.C.2. IF CITY/TOWN/COUNTY/PHA,** describe the roles and responsibilities of the Applicant/Grantee’s governing body (e.g., city council, board of county commissioners, other key staff, etc.) will have in administering the grant.

**Part I.C.2.a.** Name of Project Developer:

**Part I.C.3. IF CHDO:** Attach list of Board Members including position, length of term, and occupation

**Part I.C.3.a. IF CHDO:** List all Board committees and their members

**Part I.C.3.b. IF CHDO:** Attach an organizational chart of key CHDO staff including name and title

**Part I.C.4. IF A CHDO, BUT NOT THE DEVELOPER:** Provide Name of Project Developer:

**Part I.C.5.** Name of project Owner:

**Part I.C.6.** Identify **who** will be responsible for maintaining proper documentation and conducting other grant management and project activities.

**NOTES:** The Applicant/Grantee is still ultimately responsible for overall oversight and ensuring HOME requirements are met. The Applicant/Grantee must not delegate its duties and responsibilities.

The Applicant/Grantee must maintain all official project files in its offices. While any contractor or developer assisting the Applicant/Grantee may also have some project files, the Applicant/Grantee is responsible for maintaining complete, comprehensive official project files and complying with HUD's recordkeeping requirements found at 24 CFR §92.508.

**Part I.C.7.** Attach an organizational chart of key development team staff for this project.

Organizational chart **must distinguish** if staff is employees or contracted.  
(employees receive W-2; contracted would receive 1099)

**Part I.C.8.** Attach resume of key project development team staff (i.e. project manager(s), fiscal manager(s), executive director, and other development team members).

**Resumes should focus on experience relevant to project development including:**

- Experience with Federal Funds (i.e. HOME, CDBG, NSP, & RD)
- Experience/Training with Federal regulations relevant to project development, including but not limited to Davis Bacon, Environmental, Procurement, Relocation,
- Legal Support (Identify the CHDO/Developer's Attorney)
- Fiscal Management
- Management of Real Estate Development
- Oversight of project design and construction
- Marketing & intake
- Property management (if CHDO/Developer will own project at completion)

**Part I.C.9.** Provide a list of current and proposed development projects. For each project include approximate project completion date, staff members assigned to each project and their estimated hours on each.

**Part I.C.10.** Describe how the Project Development will be managed.

See [HOME Administration Manual: Chapter 1: Program Start-Up](#)

## D. FINANCIAL MANAGEMENT

See [HOME Administration Manual: Chapter 3: Financial Management](#)

**Part I.D.1.** Specify the individual(s) responsible for the following:

**Part I.D.1.a.** Development of the initial project budget submitted with project application (as part of the Uniform Application).

**Part I.D.1.b.** Finalization of final project budget to be attached to project contract (between MDOC and Applicant/Grantee).

**Part I.D.1.c.** Completion of Set-up and Payment Request Forms, Progress and Close-out Reports and other grant management and project activities. (See Chapter 3 (II)(A-E)).

**Part I.D.2.** Specify how the following will be carried out:

**Part I.D.2.a.** Identify the accounting and management system that will be used (See CH 3 (III))

**Part I.D.b.** Identify the procedures that will be followed for reviewing and approving expenditures, requesting funds, receiving HOME funds, and processing payments.

## **E. CERTIFICATIONS, PLANS, POLICIES, AND RESOLUTIONS**

**Part I.E.1.** Provide the dates on which the following resolutions/policies were passed by the Applicant/Grantee:

**Part I.E.1.a.** Hatch Act Resolution (*applies to local governments only*)

**Part I.E.1.b.** Equal Employment Opportunity (EEO)/Nondiscrimination Policy

**Part I.E.1.c.** Drug Free Workplace Policy

**Part I.E.1.d.** Fair Housing Resolution

**Part I.E.1.e.** Section 504 and ADA Compliance Procedures

See [Exhibit 5-A: Sample Fair Housing Resolution](#), [HOME Administration Manual, Chapter 5: Civil Rights](#).

See [Exhibit 5-I: Fair Housing Poster](#), [HOME Administration Manual, Chapter 5: Civil Rights](#).

**Part I.E.2.** Identify where Equal Employment Opportunity Posters are displayed in the Grantee's workplace.

**Part I.E.3.** Identify individual(s) responsible for monitoring/enforcing non-discrimination, equal housing, Equal Employment Opportunity, MBE/WBE and civil rights rules.

See [Exhibit 5-J: Accessibility Notice CPD-05-09](#), [Chapter 5, HOME Administration Manual: Civil Rights](#)

See Application Guidelines: Sections III.H5-*Contract Opportunities to Minority and Women-Owned Businesses* and III.H.6-*Section 3 of the Housing and Urban Development Act of 1968*

## **F. OTHER REQUIREMENTS**

**Part I.F.1.** *Conflict of Interest (defined in 24 CFR 84.42 and 92.356, MCA Title 2, Part 1: Code of Ethics and CPD Notice 98-9).*

**Part I.F.1.a.** Describe how any potential conflicts of interest in project participation and implementation will be identified and addressed.

**Part I.F.1.b.** Identify who will be responsible for identifying and resolving conflicts of interest; include the name(s) and title(s) of key person(s).

**Part I.F.1.c.** Identify who will be responsible for ensuring the HUD conflict of interest requirements will be followed as described in the HOME Application Guidelines; include the name(s) and title(s) of key person(s).

See HOME Application Guidelines: Section III.H.4-*Conflict of Interest Requirements*; and [HOME Administration Manual, Chapter 7: Project Activities](#), Section II.G-*Conflict of Interest*.



## Part I.F.2. Written Agreements

**Part I.F.2.a.** If the project owner is/will be different from the Applicant/Grantee in a rental project, the Applicant/Grantee must have a **written, legally binding Agreement** with the project owner.

- The Agreement may be contingent upon the receipt of HOME funds.
- At a minimum, provide a copy of the draft Agreement.

## G. ENVIRONMENTAL REQUIREMENTS

See [Chapter 2](#): Environmental Review, [HOME Administration Manual](#) for additional guidance.

### Part I.G.1. Environmental Review

Describe the process the Applicant/Grantee will use to ensure environmental requirements are met.

**Part I.G.1.a. IF THE APPLICANT/GRANTEE IS A CHDO OR PHA**, the CHDO or PHA must secure an agreement with the local government in whose jurisdiction the project is located to conduct the environmental review on their behalf.

See [Exhibit 2-A](#): *Agreement from Local Government to Prepare Environmental Review for CHDO or PHA*, [HOME Program Administration Manual](#), [Chapter 2](#): Environmental Review.

- Include copy of agreement from the local government.

**NOTE:** The local government must designate an Environmental Preparer to oversee the preparation of the Environmental Review on behalf of the CHDO or PHA

See [Exhibit 2-D](#): *Designation of Environmental Preparer*, for sample letter (page 2) and resolution (page 3), [HOME Administration Manual](#), [Chapter 2](#): Environmental Review.

- Include the name(s), title(s) and **qualifications** of key person(s).
- Include a copy of the signed designation

**Part I.G.1.b. IF THE APPLICANT/GRANTEE IS A LOCAL GOVERNMENT**, identify the Certifying Official who will sign the environmental review record after it has been completed and execute the Request for Release of Funds and Certification.

- Provide a copy of the letter designating the Certifying Official

See [Exhibit 2-B](#): *Designation of Certifying Official*, [HOME Administration Manual](#), [Chapter 2](#): Environmental Review

- If the Certifying Official (CO) is **NOT** an elected official, provide a copy of an official **resolution** that has been passed designating a non-elected position in the local government as having the CO responsibilities.

See [Exhibit 2-C.1](#) or [2-C.2](#): *Resolution for Designating Certifying Official*, [HOME Administration Manual](#), [Chapter 2](#): Environmental Review

- The local government must also designate an Environmental Preparer who will prepare and/or oversee the environmental review process and produce the Environmental Review Record (ERR)

See [Exhibit 2-D](#): *Designation of Environmental Preparer*, for sample letter (page 4) and resolution (page 5), [HOME Administration Manual](#), [Chapter 2](#): Environmental Review.

Per HUD guidance, the Preparer cannot be the Certifying Official; there must be a separation of duties.

- Include the name(s), title(s) and **qualifications** of key person(s).

**Part I.G.1.c.** If the Applicant/Grantee has an option agreement on a proposed site or property, provide a copy of the option.

**NOTE:** The option agreement must stipulate that the purchase of the property is subject to successful completion of the environmental review. **REGARDLESS OF THE SOURCE OF FUNDS USED TO PURCHASE THE PROPERTY**, the purchase of the property **CANNOT** be completed until the environmental review requirements are fulfilled and environmental clearance **has been achieved and the Grantee receives a letter from the HOME Program or HUD, as applicable.**

**NOTE:** HUD places restrictions on project activities in accordance with **24 CFR §58.22**, *Limitations on activities pending clearance.*

*(a) Neither a recipient nor any participant in the development process, including public or private nonprofit or for-profit entities, or any of their contractors, may commit HUD assistance under a program listed in 58.1(b) on an activity or project until HUD or the state has approved the recipient's Request for Release of Funds (RROF) and the related certification from the responsible entity. In addition, until the RROF and the related certification have been approved, neither a recipient nor any participant in the development process may commit non-HUD funds on or undertake an activity or project under a program listed in 58.1(b) if the activity or project would have an adverse environmental impact or limit the choice of reasonable alternatives.*

*(b) If a project or activity is exempt under 58.34, or is categorically excluded (except in extraordinary circumstances) under 58.35(b), no RROF is required and the recipient may undertake the activity immediately after the responsible entity has documented its determination as required in 58.34(b) and 58.35(d), but the recipient must comply with applicable requirements under 58.6.*

*(c) If a recipient is considering an application from a prospective subrecipient or beneficiary and is aware that the prospective subrecipient or beneficiary is about to take an action within the jurisdiction of the recipient that is prohibited by paragraph (a) of this section, then the recipient will take appropriate action to ensure that the objectives and procedures of the National Environmental Protection Act (NEPA) are achieved.*

*(d) An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with this part and the cost of the option is a nominal portion of the purchase price. There is no constraint on the purchase of an option by third parties that have not been selected for HUD funding, have no responsibility for the environmental review and have no say in the approval or disapproval of the project.*

**In summary, as soon as the Applicant/Grantee decides to submit an application for federal funds, e.g., HOME, CDBG, etc., it must cease all activities for the project, regardless of the source of funds to be used to for the activities, except for activities that are considered “Exempt” (see [Exhibit 18](#)). Activities may not proceed until the applicable environmental clearance has been achieved and the Grantee receives a letter from the HOME Program or from HUD, as applicable.**

## Part I.G.2. Historic Preservation

**NOTE:** See 36 CFR Part 800, *Protection of Historic Properties*, for more information on historic preservation and the “Section 106 Process”

**Part I.G.2.a.** Identify who will guarantee compliance with Historic Preservation requirements.

- Include the name(s) and title(s) of key person(s)

## Part I.G.3. Flood Plain

**Part I.G.3.a.** Is the HOME-assisted property within the flood plain, as identified by the Federal Emergency Management Agency?

- If it is within the floodplain or is anticipated to be, describe how the Applicant/Grantee will ensure federal floodplain requirements will be met; otherwise skip to the next part.

**NOTE:** If the project is identified as being in a floodplain or wetlands through the environmental review process, the Eight-Step Decision-Making Process for Floodplains and/or Wetlands ([Exhibit 2-N.1](#), [HOME Administration Manual, Chapter 2: Environmental Review](#)) must be followed before HOME funds can be used to provide assistance.

## Part I.G.4. Lead-Based Paint

See Application Guidelines: Section III.G-*Environmental Considerations* and [Exhibit 6-Summary of HUD’s Lead-Based Paint \(LBP\) Requirements](#); and [HOME Administration Manual, Chapter 2: Environmental Review](#), for more information.

**Part I.G.4.a.** If the project will include properties built before January 1, 1978, describe how the Applicant/Grantee will comply with the Lead-Based Poisoning Prevention Act and implementing the HUD lead-based paint (LBP) regulations, otherwise skip to the next part.

**Part I.G.4.b.** If applicable, include a copy of the certifications for anyone who will be conducting visual inspections of any pre-1978 housing.

Anyone conducting visual inspections must complete [HUD Lead Based Paint Visual Assessment Training Course](#)

**Part I.G.4.c.** Identify who is responsible for notification and disclosure requirements, distributing appropriate brochures to all tenants, disclosing any known presence of lead-based paint to prospective tenants, and providing notice of evaluation or hazard reduction, if applicable.

- Include the name(s) and title(s) of key person(s)

**Part I.G.4.d.** Identify who will be responsible for identifying and reducing/abating lead-based paint hazards, and provide a brief summary of how these activities will be accomplished, if applicable.

- Include the name(s), title(s), and phone number(s) of key person(s)

**NOTES:** Remember, an EPA-certified renovator is required to be on the job or available when work is performed. Information on the [Renovation, Repair and Painting \(RRP\)](#) Program Rule is available from EPA. [EPA-Authorized Lead Renovation, Repair, and Painting \(RRP\) Courses](#) are offered by the Montana Weatherization Training Center at MSU-Bozeman

Lead based paint clearance documentation, including copies of notices, lead hazard evaluation, and clearance reports, must be kept on file.

**Part I.G.4.e.** Identify the process for responding to a child with an elevated blood lead level.

## SECTION 1: ACQUISITION REGULATIONS

### A. VOLUNTARY ACQUISITION

**NOTE:** HOME projects involving acquisition are subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act and other HUD requirements such as Section 104(d) of the Housing and Community Development Act. Go to [Exhibit 21](#), *Uniform Relocation Assistance and Real Property Acquisition Policies Act Basics*, [Exhibit 26](#), *Temporary Relocation Plan - Rental Projects*, and the HUD website: <http://www.hud.gov/offices/cpd/library/relocation> for more information.

**Section 1.A.1.** If voluntary acquisition is involved, the Applicant/Grantee must:

**Section 1.A.1.a.** Identify who will be responsible for ensuring the acquiring party clearly advised owner that if an amicable agreement could not be reached, the property would not (*for local governments*) or could not (*for CHDOs*) be acquired by eminent domain.

- Include the name(s), title(s), and phone number(s) of key person(s).

**Section 1.A.1.b.** Identify who will be responsible for ensuring the owner received a copy of [Exhibit 6-U](#), [Chapter 6](#), [HOME Administration Manual](#) (Form HUD-1041-CPD: *When a Public Agency Acquires Your Property*)

- Include the name(s), title(s), and phone number(s) of key person(s).

**Section 1.A.1.c.** Identify who will be responsible for ensuring the owner was informed of estimated Fair Market Value (FMV) of property.

- Include the name(s), title(s), and phone number(s) of key person(s).

**NOTES:** If the project involves the acquisition of property, the owner of the property must be informed in writing as soon as feasible about the Applicant's interest to acquire the property. Additionally, the property owner must be informed about his/her rights Uniform Relocation Assistance and Real Property Acquisition Policies Act (URA) before the HOME application is submitted. See [Exhibit 20-Sample Voluntary Agreement](#), for the letter informing the property owner about his/her rights.

See [HOME Administration Manual](#), [Chapter 6: Acquisition and Relocation, Part I - Acquisition](#), for additional information.

**Section 1.A.1.d.** Include copies of any notices, letters, or other correspondence sent to the property owner, if applicable.

**NOTES:** In accordance with **24 CFR §58.22**, *Limitations on activities pending clearance*, the property may NOT be purchased, regardless of the source of funds used for the purchase, until the appropriate environmental clearance has been achieved.

An option agreement on a proposed site or property is allowable prior to the completion of the environmental review if the option agreement is subject to a determination by the recipient on the desirability of the property for the project as a result of the completion of the environmental review in accordance with **24 CFR Part 58** and the cost of the option is a nominal portion of the purchase price.

**Section 1.A.1.e.** Include copies of any option agreement(s), buy-sell agreement(s), if applicable.

## SECTION 2: RELOCATION

### A. TEMPORARY OR PERMANENT DISPLACEMENT

**NOTES:** HOME projects involving rehabilitation, conversion, or demolition may be subject to the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act. Go to [Exhibit 21](#), *Uniform Relocation Assistance and Real Property Acquisition Policies Act Basics*, [Exhibit 26](#), *Temporary Relocation Plan - Rental Projects*, and the HUD website: <http://www.hud.gov/offices/cpd/library/relocation> for more information.

Displacement must be minimized; existing tenants must be provided a reasonable opportunity to lease a dwelling unit in the building upon completion of the project.

Reimbursement for temporary relocation, including moving costs and increases in monthly rent/utilities must be provided as well as advisory services.

See [HOME Administration Manual](#), [Chapter 6: Acquisition and Relocation, Part II - Relocation](#), for additional information.

**Section 2.A.1.** If acquisition involves either temporary or permanent displacement of persons (families, individuals, businesses, nonprofit organizations, and farms), include a copy of the Applicant/Grantee's Relocation Plan (see [Exhibit 26](#), *Temporary Relocation Plan - Rental Projects*)

**NOTE:** Applicants/Grantees should plan the project to ensure adequate time, funding, and staffing is available to carry out their responsibilities under the URA. Issues to consider when planning for acquisition and relocation include:

- *Minimizing Displacement:* HUD requires that all reasonable steps be taken to minimize displacement as a result the project.
- *Budgetary Implications:* Planning is essential to ensure that sufficient funds are available to comply with all applicable requirements. Plan early so the project budget will include realistic estimates for acquisition and relocation expenses.
- *Coordination of the Project:* The Applicant/Grantee should take steps to coordinate activities and facilitate cooperation among government agencies, neighborhood groups, and persons affected by the project. This will ensure that the project can proceed efficiently and with minimal duplication of effort.
- *Determining Resource Needs:* During the planning stage, HUD recommends that the Applicant/Grantee review applicable relocation policies, staffing needs, and training or other capacity building needs to anticipate any issues that may hinder the acquisition and relocation process.
- *Administrative Requirements:* The Applicant/Grantee must adhere to HUD administrative requirements involved in the planning for acquisition and relocation projects.

**Section 2.A.2.** Identify who will be responsible for ensuring the provisions of the Uniform Relocation Act (such as tenant notification) are met and the Relocation Plan is followed.

- Include name(s), title(s) and phone number(s).

**NOTE:** Refer to [Exhibit 2-General Information Notice: Residential Tenant Not Displaced](#), for the general information notice and [HOME Administration Manual, Chapter 6: Acquisition and Relocation, Exhibit 6-V: Form HUD-1042-CPD: Relocation Assistance to Tenants Displaced from their Homes](#), that **must** be sent to inform existing residents of their rights **before applying** for the HOME funds.

Additional notices must be sent to tenants if HOME funds are awarded.

**Section 2.A.2.a.** Include a copy of the general information notice that was sent to existing tenants before the HOME application was submitted and a list of the tenants



that received the notification letter, along with method (certified mail, hand delivery, etc.), proof of delivery (return receipt, signed acknowledgement from tenant, etc.), and date of delivery.

**Section 2.A.2.b.** Describe the process for ensuring applicants/new tenants are notified about the possible project and their rights.

- Include copies of the notification materials
- Identify who will be responsible for ensuring compliance
  - Include name(s), title(s) and phone number(s).

See [HUD Handbook 1378](#), [Appendix 29](#), *Move-In Notice* (suggested Guideform Notice to Prospective Tenant).

**Section 2.A.3.** Attach a tenant list from at least three months prior to the date of the application

**Section 2.A.4.** Attach a summary of the information at the time of application:

**Section 2.A.4.a.** The name of each resident

**Section 2.A.4.b.** Household size

**Section 2.A.4.c.** Analysis of household income

**Section 2.A.4.d.** Unit size

**Section 2.A.4.e.** Rent

See [HUD Handbook 1378](#), [Appendix 8](#), *Site Occupant Record-Residential*, for the suggested tracking form.

**NOTE:** The Applicant/Grantee will be required to maintain the following information in the project files if HOME funds are awarded:

**Pre-Application/Application Phase:**

- A tenant roster current at the time of the application, including resident name, household size, household income, unit size, and rent
- A tenant list from at least three months prior to the date of the application
- Documentation that a General Information Notice was sent to each tenant household (including **method** of delivery, e.g., certified mail, hand delivery, etc., **proof** of delivery, e.g., return receipt, signed acknowledgement from tenant, etc., and **date** of delivery)
- Relocation Plan
- A comparison of the tenant lists from the time of application and at least three months prior with an explanation of the reasons any tenant vacated between application and least three months prior
- Copy of the *Move-In Notice* for all new households that moved into the project since application
- Analysis of tenant incomes, including the appropriate certifications of income eligibility for the HOME Program
- Information on which families will be displaced and why, if applicable
- Information on preferences/needs for comparable units for any displaced households, if applicable
- Information on the post-rehabilitation rents if applicable
- Information on the ability to pay of families who will remain in the project after rehabilitation if applicable

**Post-Award & Completion:**

- A final tenant list and an explanation for any household that moved out that was intended to remain
- Copy of the Move-In Notice for all households that moved into the project after the HOME funds were awarded

**For Persons NOT Permanently Displaced**

- Evidence that the person received timely written notice that they would not be displaced by the project or that they might be temporarily relocated (copy of the Notice of Nondisplacement and receipt for the delivery of the Notice)
- Evidence that the tenant received: (a) a timely offer of a reasonable opportunity to lease and occupy a suitable, decent, safe and sanitary affordable dwelling in the building/complex upon completion of the project and (b) reimbursement of any out-of-pocket expenses incurred in connection with any temporary relocation or a move to another unit in the building/complex, as supported by tenant claim forms (sample can be found in [Handbook 1378](#))
- For each person who is not displaced but elected to relocate permanently, a reason for the move and records of any personal contact to explain that they will not qualify for relocation payments as a displaced person. This information must be available for all persons who occupied the property before project completion but who did not occupy the property after project completion and did not receive relocation assistance as a displaced person.
- Documentation to support eviction for cause, if applicable
- Documentation to support a determination that a person was not a legal occupant of the property, if applicable
- Copy(ies) of any appeal or complaint filed and Grantee response

**Section 2.A.5.** Include explanation of the reasons any tenant vacated in the 3-month period prior to the application date

**Section 2.A.5.a..** Attach draft copies of other required notices that will be sent to tenants if HOME funds are awarded.

- Identify who will be responsible for ensuring compliance
  - Include name(s), title(s) and phone number(s).

### SECTION 3: PROPERTY STANDARDS

HOME Activity	Minimum Property Standard to be Met
<b>Acquisition</b> of Existing Housing (no rehabilitation or construction)	<ul style="list-style-type: none"> <li>■ Applicable state or local housing standards and code requirements</li> <li>■ If no local standards or codes apply, Section 8 Housing Quality Standards (HQS)</li> <li>■ <b>Housing must meet requirements at time of acquisition</b></li> </ul>
<b>Rehabilitation</b> of Existing Housing	<ul style="list-style-type: none"> <li>■ Local written rehabilitation standards</li> </ul> <p style="text-align: center;"><b>AND</b></p> <ul style="list-style-type: none"> <li>■ Applicable state or local housing standards and code requirements</li> <li>■ <b>If no local codes</b> apply, one of the following national model codes:               <ul style="list-style-type: none"> <li>■ Uniform Building Code (ICBO)</li> <li>■ National Building Code (BOCA)</li> <li>■ Standard Building Code (SBCCI)</li> </ul> </li> </ul> <p style="text-align: center;"><b>AND</b></p> <ul style="list-style-type: none"> <li>■ Handicapped Accessibility Requirements, where applicable</li> </ul>



HOME Activity	Minimum Property Standard to be Met
New Construction of Housing	<ul style="list-style-type: none"> <li>State or local housing standards and code requirements</li> <li>If no local codes apply, one of the following national model codes: <ul style="list-style-type: none"> <li>Uniform Building Code (ICBO)</li> <li>National Building Code (BOCA)</li> <li>Standard Building Code (SBCCI)</li> </ul> </li> <li>AND</li> <li>International Energy Conservation Code (IECC 2009)</li> <li>AND</li> <li>Handicapped Accessibility Requirements, where applicable</li> <li>AND</li> <li>Site and neighborhood standards at 24 CFR 893.6(b)</li> </ul>
New Manufactured Housing	<ul style="list-style-type: none"> <li>All new manufactured housing must meet the construction and safety standards of 24 CFR 3280, <i>Manufactured Home Construction and Safety Standards</i>, which preempt state and local codes covering the same aspects of performance for such housing</li> <li>New manufactured housing must be installed according to state or local codes or the manufacturer's written instructions.</li> <li>If the manufactured housing will be used for homeownership, the manufactured house needs to be on a foundation that meets the prospective lender's requirements and meets the Department of Revenue's definition of qualifying as real property vs. personal property for tax purposes so that the house can be "de-titled". See <a href="#">42.20.117</a>, Administrative Rules of Montana (ARM).</li> </ul>
Existing Manufactured Housing	<ul style="list-style-type: none"> <li>All manufactured housing assisted with HOME funds must meet the property standards at 24 CFR §92.251(a)(4), which states that the construction of all manufactured housing must meet the Manufactured Home Construction and Safety Standards (24 CFR 3280).</li> <li>Existing manufactured housing that is acquired with HOME funds must meet the property standards at 24 CFR §92.251(a)(2). <ul style="list-style-type: none"> <li>Existing manufactured housing must be inspected by certified mobile home inspector (for a listing of certified inspectors go to <a href="http://housing.mt.gov/content/FAR/docs/2009mobilehomeinspectorlist.pdf">http://housing.mt.gov/content/FAR/docs/2009mobilehomeinspectorlist.pdf</a>)</li> </ul> </li> <li>If the manufactured housing will be used for homeownership, the manufactured house needs to be on a foundation that meets the prospective lender's requirements and meets the Department of Revenue's definition of qualifying as real property vs. personal property for tax purposes so that the house can be "de-titled". See <a href="#">42.20.117</a>, Administrative Rules of Montana (ARM).</li> </ul>

## SECTION 3-B: Rehabilitation of Existing Rental Housing

**Section 3.B.1.** Attach a copy of the Applicant/Grantee's written rehabilitation standards (may be in draft form).

See [Exhibit 7-C](#): Draft Owner-Occupied Housing Rehabilitation Standards, [HOME Administration Manual, Chapter 7](#): Project Activities, for an *example* of written rehabilitation standards developed for owner-occupied housing rehabilitation. The Applicant/Grantee must develop similar rehabilitation standards for rental housing rehabilitation projects

**Section 3.B.2.** Identify which housing standards and code(s) will be followed.

**Section 3.B.3.** Describe how the appropriate property and accessibility standards will be met.

**Section 3.B.3.a.** Identify who will be responsible for ensuring compliance.

- Include name(s), title(s) and phone number(s).

**Section 3.B.4.** If housing is to be rehabilitated after transfer of ownership interest, identify who will be responsible for:

**Section 3.B.4.a.** Ensuring, before transfer of ownership interest, that:

- The housing is inspected for defects that pose a danger to health
- Information on work needed to cure defects and meet property standards is included, including a time line for curing the defects
- Include name(s), title(s) and phone number(s).

**Section 3.B.4.b.** Ensuring the housing is free of defects before occupancy or not later than 6 months after transfer

- Include name(s), title(s) and phone number(s)

**Section 3.B.4.c.** Ensuring the housing meets property standards no later than two years after transfer of ownership interest

- Include name(s), title(s) and phone number(s)

**Section 3.B.5.** Identify who is responsible for ensuring the energy labeling sticker, as described in MCA 50-60-803, is affixed to the building(s) and ensuring the energy efficiency components of the housing that are updated during rehabilitation are described.

- Include name(s), title(s) and phone number(s).

**NOTE:** MCA 50-60-803 requires a [labeling sticker](#) (page [Error! Bookmark not defined.](#)) be affixed to a new residential building that describes the energy efficiency components of the home, including but not limited to heating appliance efficiencies and R-value or U-value of ceilings, walls, floors, windows, and doors in new residential buildings. The label should be permanently affixed to the house's electrical breaker box, so subsequent owners will have the same information available to them.

**Residential structures undergoing significant improvements (i.e., rehabilitation) must also have the sticker affixed and completed for upgraded items.**

## SECTION 4: ACCESSIBILITY STANDARDS

### SECTION 4-B: Rehabilitation of Rental Housing

The Section 504 definition of substantial rehabilitation of multi-family projects includes construction in a project with 15 or more units (not just HOME units) for which the rehabilitation costs will be 75% or more of replacement cost. In such developments, 5% (but not less than one unit) must be accessible to individuals with mobility impairments, **and an additional 2%** (but not less than one unit) must be accessible to individuals with sensory impairments.

When rehabilitation less extensive than substantial rehabilitation is undertaken, alterations must, to the extent feasible, make the units accessible to and useable by individuals with handicaps, until 5% of the units are accessible to individuals with mobility impairments. Alterations to common spaces, to the maximum extent feasible, make the project accessible.

Accessible units must be, to the extent feasible, distributed throughout projects and sites and must be available in a sufficient range of sizes and amenities so as not to limit choice.

The usual standards for ensuring compliance with Section 504 are the Uniform Federal Accessibility Standards (UFAS).

- The HOME Program also requires **enhanced accessibility features** for HOME-assisted units. **All HOME-assisted MAJOR REHABILITATION** will incorporate the following:
  - 36-inch doors (32 inches of clear passage space) for all living areas (except pantry, storage, and closets)
  - Levered handles for exterior and interior doors (except exterior swing doors)
  - Outlets mounted not less than 15 inches above floor covering
  - Light switches, control boxes and/or thermostats mounted no more than 48 inches above floor covering
  - Walls adjacent to toilets, bathtubs and shower stalls require reinforcement for later installation of grab bars
  - Lever style faucets for laundry hook-up, lavatory and kitchen sink
  - A minimum of a **ground level half-bath** with a 30 x 48 inch turn space (also required in rehab unless waived by HOME staff for structural limitations or excessive cost, etc.)
  - At least one no-step entry to all **ground floor units**
- **MAJOR REHABILITATION Rental Projects With One-to-Four Units** - For the HOME-assisted units:
  - All HOME-assisted units must meet the visitability requirements as listed unless otherwise specified below
  - For a multi-story **unit**, the visitability requirements apply to only the ground floor of the **unit**.
  - In a multi-story **building** with elevators, **all** HOME-assisted units must meet the visitability requirements as listed.
  - In a multi-story **building** with **no elevators**, **all** HOME-assisted units must meet the visitability requirements as listed, except for the no-step entrance requirement.
  - For projects that are not 100% HOME-assisted (i.e., not all the units in the building are HOME-assisted), and are not 100% visitable, the visitability requirements apply only to the HOME-assisted units, which must be “fixed”, not “floating”
  - Waiver can be requested from the HOME Program for “good cause”.
- **NEW CONSTRUCTION Rental Projects with Five or More Units** - For the HOME-assisted units:

- All HOME-assisted units must meet the visitability requirements as listed
- For a multi-story **unit**, the visitability requirements apply to only the ground floor of the **unit**.
- In a multi-story **building** with elevators, **all** HOME-assisted units must meet the visitability requirements as listed
- In a multi-story **building** with **no elevators**, **all** HOME-assisted units must meet the visitability requirements as listed, except for the no-step entrance requirement.
- For projects that are not 100% HOME-assisted (i.e., not all the units in the building are HOME-assisted), and are not 100% visitable, the visitability requirements apply only to the HOME-assisted units, which must be “fixed”, not “floating”

**Section 4.B.1.** Identify who will be responsible for ensuring compliance with accessibility standards.

- Include the name(s), title(s), and phone number(s) of key person(s).

## SECTION 5: CONSTRUCTION CONTRACTING REQUIREMENTS

See [Chapter 4, Procurement Standards](#), [HOME Administrative Manual](#)

**Section 5.1.** Identify person(s), that will be responsible for the following:

**Section 5.1.a.** Preparing any needed RFPs and evaluation criteria

- Include name(s), title(s), and phone number(s)

**Section 5.1.b.** Preparing contract documents

- Include name(s), title(s), and phone number(s)

See [Chapter 4, Part I-General Procurement Requirements](#), [HOME Administrative Manual](#)

**Section 5.1.c.** Preparing bid package in accordance with [Chapter 4](#), [HOME Administrative Manual](#)

- Include name(s), title(s), and phone number(s)

**Section 5.1.d.** Requesting HOME review and approval of appropriate documents (RFPs, Bid documents, etc.)

- Include name(s), title(s), and phone number(s)

See [Exhibit 4-G: Sample Transmittal of Contract and Proposed Bid Document](#), [Chapter 4](#), [HOME Administrative Manual](#)

**Section 5.1.e.** Advertising RFP and bid solicitations, including letters to minority- and women-owned business enterprises

- Include name(s), title(s), and phone number(s)

**Section 5.1.f.** Conducting debarment check on all contractors

- Include name(s), title(s), and phone number(s)

See [Exhibit 4-B: Debarment Check Instructions](#), [Chapter 4](#), [HOME Administrative Manual](#)

**Section 5.1.g.** Obtaining Architect's Accessibility and Property Standards Certification

- Include name(s), title(s), and phone number(s)

See [Exhibit 4-E: Architect's Accessibility and Property Standards Certification](#), [Chapter 4](#), [HOME Administrative Manual](#)

**Section 5.1.h.** Clearing plans through city zoning/planning/building codes office

- Include name(s), title(s), and phone number(s)

**Section 5.1.i.** Conducting bid opening

- Include name(s), title(s), and phone number(s)

**Section 5.1.j.** Conducting preconstruction conference

- Include name(s), title(s), and phone number(s)

There are many good reasons to hold a preconstruction conference such as discussing construction inspections, progress and contractor payment requirements, Davis-Bacon and labor standards training, Section 3 employment and training and other issues particular to the project.

**Section 5.1.k.** Issuing Notice to Proceed

- Include name(s), title(s), and phone number(s)

**Section 5.1.l.** Conducting performance monitoring

- Include name(s), title(s), and phone number(s)

**Section 5.1.m.** Reviewing and approving change orders

- Include name(s), title(s), and phone number(s)

**Section 5.1.n.** Requesting HOME Program review and approval

- Include name(s), title(s), and phone number(s)

**Section 5.1.o.** Establishing procedure for contractor to submit payment requests

- Include name(s), title(s), and phone number(s)

**Section 5.1.p.** Obtaining Certificate of Completion

- Include name(s), title(s), and phone number(s)

**Section 5.1.q.** Obtaining lien waivers from contractor and subcontractors

- Include name(s), title(s), and phone number(s)

**Section 5.1.r.** Obtaining Certificate of Occupancy

- Include name(s), title(s), and phone number(s)

**Section 5.1.s.** Ensuring the energy [labeling sticker](#) (page [Error! Bookmark not defined.](#)), as required by MCA 50-60-803, is affixed to new residential buildings (NOTE: MCA 50-60-803 requires a labeling sticker be affixed to a new residential building that describes the energy efficiency components of the home, including but not limited to heating appliance efficiencies and R-value or U-value of ceilings, walls, floors, windows, and doors in new residential buildings)

- Include name(s), title(s), and phone number(s)

## **SECTION 5.A: Section 3-Economic Opportunities**

The [Section 3](#) program (24 CFR Part 135) requires that recipients of certain HUD financial assistance, including HOME funds, to the greatest extent possible, provide job training, employment, and contract opportunities for low- or very-low income residents in connection with projects and activities in their neighborhoods.

Applicants/Grantees that award contracts in excess of **\$100,000** to contractors or subcontractors for project/activities involving housing construction, rehabilitation, demolition, or other public construction from HOME Program Grantees are required to comply with the Section 3 regulations.

Section 3 is triggered when the normal completion of construction and rehabilitation projects creates the need for **new** employment, contracting, or training opportunities.

See [Exhibit 5-D](#) for required Section 3 contract language

**Section 5.A.1.** Identify proactive actions and steps the Applicant/Grantee will take to comply with Section 3 requirements.

**Section 5.A.2.** Identify person(s) who will be responsible for ensuring compliance with Section 3 requirements.

- Include name(s), title(s), and phone number(s)

## **SECTION 5.B: Minority and Women-Owned Business Enterprise**

HOME Grantees must have procedures for a minority outreach program to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all contracts.

Minimum HUD standards require that each HOME Grantee's outreach effort to minority and women-owned businesses (MBE/WBE) be: a good faith, comprehensive and continuing endeavor; supported by a statement of public policy and commitment published in the print media of widest local circulation; supported by an office and/or a key, ranking staff person with oversight responsibilities; and designed to utilize all available and appropriate public and private sector local resources.

The Montana Department of Transportation (MDT) maintains a directory of Disadvantaged Business Enterprises (DBEs), a term used to collectively refer to both Woman-owned Business Enterprises and Minority-owned Business Enterprises. Grantees can find information on Disadvantaged Business Enterprises and access the DBE Directory maintained by MDT by going to: <http://www.mdt.mt.gov/business/contracting/civil/dbe.shtml> or by contacting the MDT by phone: 406-444-6337; toll free number: 800-883-5811; TTY: 800-335-7592; or fax: 406-444-7685

**Section 5.B.1.** Identify proactive procedures, actions, and steps the Applicant/Grantee will take to ensure the inclusion, to the maximum extent possible, of minorities and women, and entities owned by minorities and women, in all contracts.

**Section 5.B.2.** Identify person(s) who will be responsible for ensuring compliance with the procedures, actions, and steps developed

- Include name(s), title(s), and phone number(s)

## **SECTION 5.C: Davis-Bacon Wages and Contract Work Hours and Safety Standards Act**

Will the projects have **12 or more HOME-Assisted Units**? If **YES**, complete the following portion of the Management Plan.

HOME Grantees must comply with certain wage and labor standards. In the case of Davis-Bacon and the Contract Work Hours and Safety Standards Acts, **every contract for the construction of housing, either rehabilitation or new, that contains 12 or more HOME-assisted units triggers the requirements.**

- ☒ **Davis-Bacon and Related Acts [40 USC 276(a)-7]:** Ensures that mechanics and laborers employed in Federally-assisted construction work under Federally assisted contracts are paid wages and fringe benefits equal to those that prevail in the locality where the work is performed. This act also provides for the withholding of funds to ensure compliance, and excludes from the wage requirements apprentices enrolled in bona fide apprenticeship programs.
- ☒ **Contract Work Hours and Safety Standards Act, as amended (40 USC 327-333):** Provides that mechanics and laborers employed on Federally-assisted construction jobs are paid time and one-half for work in excess of 40 hours per week, and provides for the payment of liquidated damages where violations occur. This act also addresses safe and healthy working conditions.

**NOTES:** A HOME-assisted project CANNOT be divided into multiple contracts to avoid Davis-Bacon coverage. There may be other legitimate reasons that a single project would be



constructed with separate contracts that would contain 11 or fewer HOME-assisted units and the contracts would not be covered. But it is NOT permissible to arrange multiple contracts to circumvent labor standards requirements.

A construction **contract** with 12 or more HOME-assisted units is covered even if the contract involves more than one HOME project. For example, if, for whatever reason, three projects each containing 4-HOME-assisted units (12 units total) are “pooled” into one construction contract, that contract would be covered by Davis-Bacon.

Similarly, a if a construction **contract** is for a project (or projects) that includes units assisted with state HOME funds and units funded with an entitlement city’s HOME funds, the total number of HOME-assisted units are counted. For example, if MDOC HOME funds assist seven units and the City of Missoula funds assist five units, the total number of HOME-assisted units is 12 and the contract would be covered by Davis-Bacon. (In accordance with guidance from HUD, state HOME funds and entitlement city HOME funds cannot go into the same unit.)

See [Chapter 4, Procurement Standards](#), including Part IV.C, *Labor Standards*; Davis Bacon Labor Standards exhibits (Exhibits 4-I through 4-Q), [HOME Administrative Manual](#); and [Making Davis-Bacon Work](#)

**Section 5.C.1.** Identify who will be responsible for ensuring compliance with Davis Bacon and Contract Work Hours and Safety Standards Act requirements

- Include name(s), title(s), and phone number(s)

Responsibilities will include:

- ☒ Ensuring that all bid documents, contracts and subcontracts for Davis-Bacon covered work contain Federal labor standards provisions and the applicable Davis-Bacon wage decision.
- ☒ Ensuring that no contract is awarded to a contractor that is ineligible (e.g., debarred) for Federally-assisted work.
- ☒ Providing contractor training. Make certain the contractor understands its responsibilities for Davis-Bacon compliance: The principal contractor (also referred to as the prime or general contractor) is responsible for the full compliance of all employers (the contractor, subcontractors and any lower-tier subcontractors) with the labor standards provisions applicable to the project. HUD has published a [Contractor’s Guide to Prevailing Wage Requirements for Federally-Assisted Construction Projects](#) for this purpose which provides basic information and instructions to contractors concerning Davis-Bacon wage and reporting requirements.
- ☒ Maintaining documentation of Federal labor standards administration and enforcement activities.

**Section 5.C.2.** Identify who will be designated as the Labor Standards Officer (LSO) to ensure compliance with Davis-Bacon Labor Standards.

- Include name(s), title(s), and phone number(s)

Responsibilities will include:

- ☒ Conducting on-site inspections including interviews with laborers and mechanics employed on the construction project. The LSO must periodically conduct interviews with the construction workers on the job site. The purpose of the interviews is to capture observations of the work being performed and to get the workers’ views on the hours they work, the type work they perform and the wages they receive. Information gathered during the interviews is recorded on form HUD-11, Record of Employee Interview. The HUD-11’s are compared to the corresponding contractor and subcontractor certified payrolls to test and verify the accuracy of the payroll information.

- ☑ Ensuring that the applicable Davis-Bacon wage decision and the Department of Labor’s “Notice to All Employees” are posted at the job site. The purpose of this posting is to provide information to the construction laborers and mechanics working on the project about their entitlement to the prevailing wage rate for their trade and to inform them of whom to contact (the LSO) if they have any questions or want to file a complaint.
- ☑ Reviewing certified payroll reports and related documentation. Identifying any discrepancies and/or violations. Ensuring any needed corrections are made promptly. In addition to comparing HUD-11’s to the certified payroll reports, the LSO reviews the payroll reports generally to ensure that all laborers and mechanics are being paid no less than the wage rates contained on the applicable Davis-Bacon wage decision for the type of work they perform. LSOs should be particularly alert for indications of payroll falsification - misinformation on payrolls to conceal underpayments. Falsification on payrolls indicates an employer (contractor or subcontractor) is aware of its obligations, is knowingly underpaying their employees and is attempting to avoid detection of the violations.

## SECTION 5.D: Other Labor Requirements

**Copeland (Anti-Kickback) Act (40 USC 276c):** Governs the deductions from paychecks that are allowable. Makes it a criminal offense to induce anyone employed on a Federally-assisted project to relinquish any compensation to which he/she is entitled, and requires all contractors to submit weekly payrolls and statements of compliance.

**Fair Labor Standards Act of 1938, As Amended (29 USC 201, et. seq.):** Establishes the basic minimum wage for all work and requires the payment of overtime at the rate of at least time and one-half. It also requires the payment of wages for the entire time that an employee is required or permitted to work, and establishes child labor standards.

**Section 5.D.1.** Identify who will be responsible for ensuring compliance with Copeland (Anti-Kickback) Act and Fair Labor Standards Act requirements

- Include name(s), title(s), and phone number(s)

## SECTION 5.E: Procurement Conflict of Interest

See HOME Application Guidelines: Section III.H.4, *Conflict of Interest*; [HOME Administration Manual, Chapter 7](#), Section II.G. *Conflict of Interest*, for additional guidance.

There are two types of Conflicts of Interest (COI): procurement and non-procurement:

**Procurement COI:** Generally, the regulations at 24 CFR. Part 84 and 85 prohibit an employee, officer or agent of the grantee/subgrantee or recipient/subrecipient from participating in the selection, or in the award or administration of a contract supported by Federal funds if a conflict of interest, real or apparent, would be involved. Procurement is the process of obtaining property, supplies or equipment, or services. **There are no exceptions for real or apparent procurement conflicts of interest.**

HOME Grantees must maintain written standards governing the performance of their employees engaged in awarding and administering contracts. At a minimum, the standards must:

- Require that no employee, officer or agent of the Applicant/Grantee, or its subrecipient(s) shall participate in the selection, award, or administration of a contract supported by HOME if a conflict of interest, either real or apparent, would be involved
- Require that the Applicant/Grantee’s employees, officers, and agents not accept gratuities, favors, or anything of monetary value from contractors, potential contractors, or parties to subagreements



- Stipulate provisions for penalties, sanctions, or other disciplinary actions for violations of standards

A conflict would arise when any of the following has a **financial or other interest** in a firm selected for award

- An employee, agent, or officer of the Applicant/Grantee
- Any member of an employee's, agent's, or officer's immediate family
- An employee's, agent's, or officer's partner
- An organization that employs or is about to employ an employee, agent, or officer of the Applicant/Grantee

**Section 5.E.1.** Identify who will be responsible for identifying and resolving conflicts of interest.

- Include name(s), title(s), and phone number(s).

**Section 5.E.1.a.** Please complete the following (fill in Applicant's Name):

Procurement Conflicts of Interest Provisions – 24 CFR 84.42

No employee, officer, or agent of **Applicant's Name** shall participate in the selection, award, or administration of a contract supported by HOME funds if a real or apparent conflict of interest would be involved. Such a conflict would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in the firm selected for an award. The employees, agents and officers of the organization may not solicit or accept gratuities, favors or anything of monetary value from contractors, potential contractors or parties to subagreements. **Applicant's Name** recognizes that there are no exceptions for real or apparent procurement conflicts of interest.

Non-Procurement Conflict of Interest Provisions – 24 CFR 92.356

Any person who is an employee, agent, consultant, officer or elected or appointed official of **Applicant's Name** that exercises or has exercised any functions or responsibilities with respect to activities assisted with HOME funds or who is in a position to participate in a decision-making process or gain inside information with regard to these activities, is prohibited from obtaining a financial interest or benefit from a HOME-assisted activity, or having an interest in any contract, subcontract, or agreement with respect thereto, or the proceeds there under, either for themselves or those with whom they have family or business ties, during their tenure or for one year thereafter.

If a non-procurement conflict of interest is identified, **Applicant's Name** will consult with the HOME program staff prior to taking any action. If **Applicant's Name** wishes to seek an exception to the prohibition against the conflict of interest from HUD, **Applicant's Name** must publicly disclose the conflict through a public noticed meeting. **Applicant's Name** will then seek an opinion from **Applicant's Name** attorney that this exception does not violate State or local law. **Applicant's Name** will then prepare the written exception request addressing each of the exception factors found at 24 CFR 92.356(e) and their applicability. **Applicant's Name** will also include with the written request for exception the record and summary of the public meeting, description of how the disclosure was made, and **Applicant's Name** attorney's opinion to the HOME Program for consideration.

## SECTION 6: PERIOD OF AFFORDABILITY

The HOME-assisted units must meet the affordability requirements for not less than the applicable period specified in the following table, beginning <u>after</u> project completion.	
Type of Rental Housing Activity	Minimum Period of Affordability
a. <b>Acquisition</b> of Newly Constructed Housing	20 years
b. <b>New Construction</b>	20 years
c. <b>Acquisition</b> (only) of Existing Housing: Per Unit Amount of HOME Funds:	
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years
d. <b>Rehabilitation</b> of Existing Housing: Per Unit Amount of HOME Funds:	
Under \$15,000	5 years
\$15,000 to \$40,000	10 years
Over \$40,000	15 years

**Section 6.1.** Identify the type of rental housing activity from the chart above

**Section 6.2.** Identify the number of HOME-assisted units.

**Section 6.3.** Identify the total amount of HOME funds that will be invested, including soft costs.

**Section 6.4.** Calculate the average per unit amount of the HOME investment (*total amount of HOME funds divided by number of HOME-assisted units*)

**Section 6.5.** Identify the minimum period of affordability based on the type of rental housing activity and the average per unit amount of the HOME investment

**Section 6.5.a.** If the period of affordability will be longer than the minimum period of affordability identified above, specify the period of affordability for the HOME units

**Section 6.5.b.** Identify how the period of affordability will be enforced, e.g., through deed restrictions, covenants running with the land, or another HOME-approved mechanism

- Attach copies of the document(s) that will be used to enforce the period of affordability requirements
- Identify who will be responsible for ensuring the document(s) are filed and recorded at the appropriate time.
  - Include the name(s), title(s), and phone number(s) of key person(s).

## SECTION 7: SIGNATURES

*(To be signed AFTER **final** Management Plan accepted by HOME Program; funds cannot be drawn until this portion of the Management Plan is completed and signed)*

### ACCEPTED BY:

<b>Original Signature</b>	Date
(Printed or Typed Name)	
(Printed or Typed Title)	

### APPROVED BY:

<b>Original Signature</b>	Date
(Printed or Typed Name), HOME Program Specialist	

<b>Original Signature</b>	Date
Maureen Martin, Bureau Chief, Housing Division, MDOC	

## PART III: PROPERTY MANAGEMENT AND LONG-TERM COMPLIANCE PLAN

### INTRODUCTION

This template is a guide for HOME Grantees to use in creating a plan for project start-up, initial grant management, and ongoing project management. The purpose of the management plan is to create a written strategy for administering the grant funds, to ensure knowledge of and compliance with HOME requirements and regulations, and to ensure the continuity of program administration regardless of changes in the organization's personnel.

The Grantee, along with the property owner and/or management company, is responsible for maintaining and operating the property throughout the long-term period of affordability, 5, 10, 15, or 20 years (see [Part II, Section 6](#)). This part of the Management Plan will address the key functions that impact the property's financial and physical viability and explain the Owner's/Manager's and Grantee's responsibilities to monitor the property's overall well-being and for meeting the HOME requirements, even if the Grantee or Owner assigns rental management functions to staff or contracts out to a third party management company.

Since it will govern how the property is managed during the long-term period of affordability, Part III of the Management Plan is intended to survive changes in property management and HOME staff. Part III to the Management Plan will be a key component that guides Grantee/Owner/Managers in the day-to-day operation of and procedures for the project.

Since there will be changes between the time the initial management plan is prepared for the application and when the project goes into operation, Part III is intended to provide information about long-term compliance issues. At this point, the Grantee and Owner (if different) will need to provide *general information* about its plans for property management and long-term compliance so the HOME Program can gain insight into the Grantee's and Owner's understanding about HOME rules and regulations.

A minimum of six months before the property goes into operation, the Grantee/Owner/Manager will need to prepare a *detailed* Part III to the Management Plan and submit it to the HOME Program for approval. **Ten percent (10%) of the total HOME grant award will be withheld from the final payment until the final version of Part III has been completed and approved by the HOME Program. For example, if the HOME grant award is \$750,000, \$75,000 will be withheld until an acceptable Part III is completed and approved by the HOME Program.** In order to assure the final payment of HOME funds will not be unnecessarily delayed, the Grantee/Owner/Manager may prepare and submit Part III to the HOME Program for review and approval sooner than six months before operations commence.

Upon project completion, Part III will "stand alone" and be incorporated into the HOME Program's long-term compliance file for the property. The Grantee, Owner, and/or Property Manager are expected to keep copies of the latest approved version of Part III. Part III will be a starting point for HOME staff when the project is monitored; actual operations should be consistent with Part III. During the periodic onsite reviews (that occur every one, two or three years during the period of affordability), HOME staff will verify that actual project operations are consistent with Part III. Additionally, the desk audit performed during the annual certification process should indicate that actual operations are consistent with Part III.

The HOME Program requires Owners/Managers to review their leases, policies, procedures, and Part III of the Management Plan at least annually (around the time that Annual Rental Certifications are

due to the HOME Program) to ensure the documents are consistent with actual operations. Any changes or amendments to due to changes in operations after HOME Program approval will require a written request to and written approval from the HOME Program.

Since Part III will stand alone, some information included in Parts I and II will need to be repeated here.



Components that **do not need to be addressed at the time of application**, but **must be addressed at least six months before the project becomes operational** are outlined with a “double box” in these instructions. When you use the fillable form, these questions will be indicated with a blue input box.

## A. GENERAL PROJECT DESCRIPTION

**Part III.A.1.** Provide a brief description of the project including the type of program, the type of property, location, the total number of units to be impacted, the number of HOME-assisted units, etc.

**Part III.A.1.a.** If doing a rental project containing both HOME-assisted and non-HOME-assisted units, specify whether HOME-assisted units will be fixed or floating as well as the size of the units, number of bedrooms, features, and amenities

- **If fixed units**, identify/specify the anticipated units that will be “fixed”



The fixed or floating designation, as specified in the HOME application and contract, is **permanent throughout the period of affordability**.

When a property is assisted with HOME funds, the Grantee/Owner must identify which units are designated HOME-assisted and which units are designated non-assisted. Further, in properties with five or more HOME-assisted units, the Grantee/Owner must designate *at least* 20% of the HOME-assisted units as Low HOME Rent units, for very low-income occupants. The remaining units (up to, but not exceeding, 80%) would be High HOME Rent units. In properties with fewer than five HOME-assisted units, HUD permits the Grantee/Owner to designate all the HOME-assisted units (100%) as High HOME Rent units, but the Grantee/Owner can choose to designate some or all of the units as Low HOME Rent units. See the [RENT LIMITS AND RENT MANAGEMENT](#) section for more information on rent limits.

**Part III.A.2.** Identify who the program will target, if applicable

The Grantee/Owner/Manager may give preference to persons with special needs (such as the elderly, homeless, or persons with disabilities) Although HOME funds can be invested in housing for persons with disabilities, civil rights laws (which confer certain protections on persons with disabilities) in most cases prohibit owners from discriminating based upon the *nature of* a disability. Consequently, in most cases, HOME-assisted housing for persons with disabilities *must be equally available to all persons with disabilities*. The Grantee/Owner/Manager may offer and advertise non-mandatory services that may be appropriate for persons with a particular special need or disability.

## B. GENERAL ADMINISTRATION AND PROPERTY MANAGEMENT STRUCTURE

**Part III.B.1.** Describe the organizational structure of the rental management team

**Part III.B.1.a.** Indicate if owner will (1) self-manage the project, (2) retain a professional management company, or (3) create a hybrid structure in which the organization provides the on-site services and the property management is responsible for the day-to-day operations of the project

**Part III.B.1.b.** Describe the lines of authority, responsibility, and accountability within the management structure

**Part III.B.1.c.** Outline the respective responsibilities of the Owner and the Rental Management Team

- Attach the rental project organizational chart; ensure the chart clearly distinguishes between employees and contracted staff

**Part III.B.1.d.** Describe the duties and responsibilities of the rental project staff

- Attach job profiles and/or contract agreement with duties specified
- Ensure responsibilities are clearly defined so as not to overlap

- Ensure responsibilities are clearly assigned
- Ensure all basic responsibilities are covered
- Describe the limits – managerial and financial – that are placed upon the Rental Management Team’s authority
- Specify the date(s) employees will be hired and/or the contract agreement will commence

**Part III.B.2.** Specify if there is an on-site manager

**Part III.B.3.** Specify if housing and/or other amenities (e.g., cell phone, company vehicle, etc.) are provided as part of the compensation package

- If housing is provided, specify if continued occupancy is conditioned upon employment

If housing, e.g., manager’s unit, will be provided, it need to be identified up-front in the grant application.

**Part III.B.4.** Specify if there is a management office on-site:

- Specify the office hours

**Part III.B.5.** Define the regular hours of work observed by staff

**Part III.B.6.** Explain how management and operational services will be provided while key staff is absent or otherwise not available (e.g., vacations, staff vacancies, etc.)

Except for on-site managers and maintenance workers that reside in a unit, which must have been specified in the initial grant application, owners of HOME-assisted properties and their officers, employees, agents, or consultants may not occupy a HOME-assisted unit.

❖ *Conflict of Interest Provisions for Grantees:* The HOME regulations at 24 CFR §92.356 cover employees, agents, consultants, officers, and elected or appointed officials of the grantee. The HOME regulations state that no person covered who exercises or has exercised any functions or responsibilities with respect to HOME activities or who is in a position to participate in decisions or gain inside information:

- May obtain a financial interest or benefit from a HOME activity; or
- Have an interest in any contract, subcontract, or agreement for themselves or for persons with business or family ties.

This requirement applies to covered persons during their tenure and for one year after leaving the grantee or subrecipient (owner).

Upon written request, an exception may be granted by HUD in certain, very limited, rare circumstances, on a case-by-case basis only after the Grantee/Owner has:

- Disclosed the full nature of the conflict and submitted proof to the HOME Program that the disclosure has been made public; and
- Provided a legal opinion to the HOME Program from the Grantee’s/Owner’s attorney stating that there would be no violation of state or local law if the exception were granted.

The HOME Program will review the information submitted with the written request for an exception, and if it concurs, will forward the request for an exception to HUD.

❖ *Conflict of Interest Provisions for Owners, Developers and Sponsors:* The HOME Rule includes conflict of interest provisions that are applicable to nonprofit or for-profit owners, developers, and sponsors of HOME-assisted rental housing. This provisions states that no owner, developers, or sponsor of HOME-assisted housing, including their officers, employees, agents, consultants, or elected or appointed officials, may occupy a HOME-assisted unit in the development. This



provision **does not** apply to an individual living in a HOME-assisted rental *development* where he/she is a project manager or a maintenance worker in the development. (Note: The manager/worker must be low-income to reside in a HOME-assisted **unit**.)

**Limited** exceptions to this conflict of interest provision governing owners, developers, and sponsors may be granted by the HOME Program on a case-by-case basis *before* occupancy if:

- The person receiving the benefit is a member or class of low-income persons intended to be the beneficiaries of assisted housing and the exception will permit him/her to receive generally the same interest of benefits as are being made available or provided to the group as a whole; and
- The person has withdrawn from his/her functions or responsibilities, or decision-making responsibilities with respect to the assisted housing in question; and
- The tenant protection requirements of 24 CFR §92.253 (prohibited lease terms, termination of tenancy, and *tenant selection*) are being observed; and
- The affirmative marketing requirements are being observed and followed; and
- Any other factors deemed relevant by the HOME Program, including the timing of the requested exception, are met

**Part III.B.7.** Describe the process to ensure owners and their officers, employees, agents, or consultants do not occupy a HOME-assisted unit.

## C. MARKETING STRATEGY, AFFIRMATIVE MARKETING, AND FAIR HOUSING

The Grantee/Owner/Manager of HOME-assisted rental properties must conduct marketing and advertising activities in accordance with applicable fair housing laws and HOME affirmative marketing requirements. These requirements ensure that all eligible applicants have an equal opportunity to rent the units. The Grantee/Owner/Manager must notify the HOME Program in writing of their intent to begin marketing at least 90 days prior to the initiating marketing activities.

The Grantee/Owner/Manager must comply with all **fair housing laws**, which prohibit discrimination in housing based on a person's race, color, religion, sex, familial status, national origin, age, or disability. Federal fair housing laws prohibit discrimination in all housing, housing-related activities and transactions, and housing programs regardless of whether or not the housing receives federal financial assistance.

The Grantee/Owner/Manager of properties with five (5) or more HOME-assisted units must also follow **affirmative marketing procedures** to conduct special outreach to those groups least likely to apply for the HOME-assisted housing. Affirmative marketing must be made a part of the property's overall marketing requirements. For additional information, see [Exhibit 7-A-Affirmative Fair Housing Marketing Plan-Multifamily Housing](#) or [Exhibit 7-B-Affirmative Fair Housing Marketing Plan- Single Family Housing](#), and [Chapter 5, HOME Administration Manual](#).

The Grantee/Owner/Manager must take reasonable, nondiscriminatory steps offer **accessible units** in the property to persons with disabilities first. The Grantee/Owner/Manager of properties with accessible units must develop procedures so that information regarding the availability of accessible units reaches eligible persons with disabilities.

Listing properties on the Montana Department of Commerce's housing search website, [MTHousingSearch.com](http://MTHousingSearch.com), is a good first step for meeting affirmative marketing requirements. MTHousingSearch.com is a free, up-to-date housing locator service for households looking for rental housing and for listing affordable units.

The Owner/Manager is required to maintain an Affirmative Marketing and Fair Housing file that documents the fair housing and affirmative marketing actions and efforts. HOME staff will review the



file for completeness and other factors during periodic onsite reviews that occur during the period of affordability.

The affirmative marketing steps apply on a *project-by-project basis*. It is expected that affirmative marketing steps will vary from neighborhood to neighborhood. The owner/manager may not use the same affirmative marketing procedures for all properties.

**Part III.C.1.** Provide an overview of the fair housing training that will be required for owners, managers, and other staff, as applicable

**Part III.C.1.a.** Describe the measures that will be taken to ensure all staff receive adequate fair housing training

**Part III.C.2.** Describe how the property will be marketed long-term to attract a sufficient number of income-qualified persons to the property

**Part III.C.3.** Describe the methods that will be used to reach the target market, for example, running ads in local papers, distributing flyers at social service agencies or employers, holding an open house, etc.

**Part III.C.4.** Describe the marketing techniques that will be used to inform the minority population and households with limited English proficiency of the availability of housing

**Part III.C.5.** If the property has five (5) or more HOME-assisted units, attach an Affirmative Fair Housing Marketing Plan that meets HUD requirements or complete and attach [Exhibit 7-A-Affirmative Fair Housing Marketing Plan-Multifamily Housing](#) or [Exhibit 7-B-Affirmative Fair Housing Marketing Plan- Single Family Housing](#) (may be in draft form)

**Part III.C.6.** Describe the steps the Owner/Manager plans to take to assess the success of its marketing procedure on an annual basis

**Part III.C.6.a.** Identify the records and reports that will be used to assist the Grantee and Owner/Manager in evaluating the marketing efforts

**Exhibit 5-E:** *Individual Direct Benefit Recording Form and Direct Benefit Summary Data*, [HOME Administration Manual, Chapter 5](#), is a sample tracking form.

**Part III.C.6.b.** Specify the process for taking corrective actions when requirements are not met and/or the property does not achieve the desired results

- Identify who will evaluate the marketing efforts
- Specify when the evaluation will occur

**Part III.C.7.** Describe the policies, procedures, and other methods used to ensure that information regarding the availability of accessible units reaches individuals with disabilities

According to HUD guidance, reasonable, nondiscriminatory steps must be taken to make sure that available, accessible units are offered first to persons with disabilities who require the unit's accessible features. Owners/Managers must take the following steps when an accessible unit becomes vacant, regardless of the status of the waiting list.

- First, offer the unit to a current occupant of the property who might require or benefit from the accessible feature(s) of the unit
- Second, offer the unit to an eligible, qualified applicant on the waiting list who requires the accessible feature(s) of the unit
- Last, offer the unit to a nondisabled person on the waiting list. A nondisabled tenant may rent an accessible unit only when the Owner/Manager has made all reasonable efforts to attract an eligible tenant with a disability, and has followed the above steps.

When a nondisabled tenant leases an accessible unit, HUD strongly encourages Owners/Managers to include a special provision in the tenant lease that would require the nondisabled household to move into a non-accessible unit of the same size if a household that requires the accessible feature of their unit applies and is eligible for the unit.

For additional information about providing housing in accordance with laws that protect persons with disabilities, go to <http://www.hud.gov/offices/fheo/disabilities/sect504.cfm>, HUD's Office of Fair Housing and Equal Opportunity web page.

## D. RENT LIMITS AND RENT MANAGEMENT

HUD requires that the rents that are charged for HOME-assisted units be affordable to low- and very low-income households. HUD provides [HOME Program Rent Limits](#) to define what is affordable.

❖ **High HOME rent limits** are the maximum rents that can be charged to low-income households (households at or below 80% of area median). HIGH HOME Rents apply to units that are HIGH HOME Rent units and are occupied by low-income tenants.

**NOTE:** HUD calculates and issues the High HOME rent limits annually, usually between February and May. The HOME rents are NOT the same as the Section 8 Fair Market Rents.

❖ **Low HOME rent limits** are the maximum rents that can be charged to very low-income households (households at or below 50% of area median) that must reside in at least 20% of the units in properties with more than five HOME-assisted units. These are based on one of the following:

- Thirty percent of the tenant's monthly adjusted income; or
- The HUD calculated and issued LOW HOME rent limits, which are updated annually, usually between February and May. The HOME rents are NOT the same as the Section 8 Fair Market Rents.

If a property has a Federal or state project-based rental subsidy and the *very low-income* tenant pays no more than 30% of his/her adjusted income toward rent, the maximum rent is what is allowable under the project-based rental subsidy program.

In properties with five or more HOME-assisted units, Low HOME Rents apply to at least 20% of the units that are occupied by very low-income tenants. These are called Low HOME Rent units.

The HUD-published HOME rent limits *include utilities*. When a tenant pays directly for utilities, the Owner/Manager must subtract The Section 8-approved **utility allowance** to determine the maximum rent that can be charged to the tenant for the unit. See [Exhibit 27: HUD Utility Schedule Model – HUD-52667](#) and [Exhibit 28: HUD Utility Schedule Instructions](#) for guidance.

When a household receives *tenant-based* rental assistance provided by the Section 8 Program or another funding source, **the maximum allowable rent for the HOME-assisted unit cannot exceed the applicable HUD-published HOME rent limit**. This means that **the tenant's rental assistance payment plus the tenant's contribution towards rent cannot exceed the HUD-published High HOME rent limit for a High HOME Rent unit or the Low HOME rent limit for a Low HOME Rent unit**.

Rents charged to tenants receiving rental assistance (subsidy plus tenant contribution) **must be the same as the rents charged to other tenants for comparable units**. The Section 8 rules specifically prohibit an Owner/Manager from charging a higher rent for a unit that is occupied by a voucher holder than the rent charged for a comparable unit not occupied by a voucher holder. This means that **if the Owner/Manager charges less than the maximum HOME rent for HOME units that are not occupied by vouchers holders, it can only charge that rent to the voucher holder**.

**Part III.D.1. Attach a copy of the proposed rent schedule for the property**

**NOTES:** The HOME Program must approve the HOME rent schedule for the unit type and bedroom size *prior to initial lease-up*. Additionally, the changes to the rent schedule must be submitted for review and approval before implementation.

The rent schedule should match the rents used in the Uniform Application, Section C, Parts III and IV.

For properties that also receive low income housing tax credits (LIHTC), the rents for the HOME-assisted units will be the lesser of the applicable HOME rent limit or the applicable LIHTC rent limit. The Owner/Manager must determine the maximum allowable rent(s) for each program and then use the lower rent.

**Part III.D.2. Identify the utilities the tenants will pay directly**

**Part III.D.2.a. Include the type of utility that will be paid by the tenant and the fuel source:**

	<b>HEATING</b>		<b>COOKING</b>
	NATURAL GAS		NATURAL GAS
	BOTTLE GAS		ELECTRIC
	OIL		BOTTLE GAS
	ELECTRIC		OIL
	<b>WATER HEATING</b>		<b>WATER</b>
	NATURAL GAS		<b>SEWER</b>
	ELECTRIC		<b>GARBAGE</b>
	BOTTLE GAS		<b>AIR CONDITIONING</b>
	OIL		
	<b>OTHER ELECTRIC</b>		

**NOTES:** The maximum allowable HOME rents must be reduced if the tenant *directly pays* for utilities. [Exhibit 27: HUD Utility Schedule Model – HUD-52667](#) and [Exhibit 28: HUD Utility Schedule Instructions](#) provide a mechanism for reducing the maximum allowable HOME rents when the tenant's *unit is separately metered* for some or all the utilities, the tenant is billed directly for their specific unit, and the utilities are directly paid by the tenant.

Use of another utility allowance schedule (e.g., a Rural Development schedule) must be approved by the HOME Program.

<b>HOME Rent Limits for Special Types of HOME Units</b>		
	<b>Low HOME Rent Limit</b>	<b>High HOME Rent Limits</b>
Units with state or federal <b>project-based rental assistance</b>	The project-based rent may be charged for any unit that: 1. Receives state or federal project-based rent assistance, AND 2. is occupied by a very low-income tenant household, AND 3. the tenant household pays no more than 30% of its adjusted monthly income toward rent	The <i>lesser of</i> the project-based rent <b>or</b> the High HOME Rent may be charged when the tenant household either: 1. Is low-income, but not very low-income, OR 2. Pays more than 30% of its income toward rent
Units with <b>LIHTC assistance</b>	Capped at the <i>lesser of</i> the Low HOME Rent limit or the LIHTC rent limit for that unit	Capped at the <i>lesser of</i> the High HOME Rent limit or the LIHTC rent limit for that unit
<b>Group Homes</b>	Does not apply because a group home is a single unit under the HOME Program	Rent is based on the rent of a single unit with multiple bedrooms (not including

HOME Rent Limits for Special Types of HOME Units		
	Low HOME Rent Limit	High HOME Rent Limits
	(see <a href="#">Exhibit 8-SROs and Group Homes Compared</a> )	bedrooms for live-in supportive service providers or other non-client staff). Capped at the HUD-published Fair Market Rent (FMR)
<b>SRO Housing</b>	The Low HOME Rent that is used depends on (1) whether the unit has food preparation and/or sanitary facilities, and (2) if the unit has state or federal project-based rent assistance. Note: For all SRO projects with 5 or more units, at least 20% of the units must be occupied by very low-income households.	The High HOME Rent that is used depends on (1) whether the unit has food preparation and/or sanitary facilities, and (2) if the unit has state or federal project-based rent assistance.

## E. INCOME DEFINITION, INCOME TARGETING, AND HOME INCOME LIMITS

HUD requires that *every* HOME-assisted rental unit be occupied by a household that is low- income. For properties with five or more HOME-assisted units, HUD also requires that at least 20% of the units be occupied by households that are very low-income. These are the HOME **income targeting** requirements.

HUD defines a low- and very low-income household:

- **Low-income household:** The household's annual gross income is **no greater than 80%** of the area median income.
- **Very low-income household:** The household's annual gross income is **no greater than 50%** of the area median income.

The maximum amount of annual gross income that a household may earn to qualify for a HOME-assisted unit is called the **income limit**. HUD issues [HOME income limits](#) for low-income households and for very low-income households on an annual basis. The HOME income limits are adjusted by HUD for different localities and household size. HUD updates the [HOME income limits](#) each year, generally between February and May.

### Part III.E.1. Identify the definition of income that will be used for the project

To comply with HOME income targeting requirements, Owners/Managers must determine the income-eligibility of tenants at the time of application based upon examination of **source documentation**. While there are three acceptable definitions of income, only the *HUD Section 8 or "Part 5" definition* (found at 24 CFR §5.609), must be used for HOME-assisted rental projects.

Owners/Managers must recertify tenant household income *each year* during the affordability period. This must be done with **source documentation** at least every sixth year of the affordability period of the project. In the between years, use of alternate forms of certification is permitted as long as prior written approval has been received from the HOME Program.

Once the tenant household's anticipated annual gross income is recertified, the Owner/Manager must compare it to the most recent HOME income limits for the type of unit the household occupies (High or Low HOME Rent unit). If the Owner/Manager recertifies a tenant's income and finds that it has increased above the HOME income limits for the type of unit it occupies, the tenant is "over-income" and the property is temporarily out of compliance. This is permissible, but the Owner/Manager must take steps to restore compliance to the property.

### Part III.E.2. Identify the income(s) that will be targeted *at initial occupancy*

### Part III.E.3. Identify the income(s) that will be targeted for the project *after* initial occupancy

The process of designating units by income is called **income targeting**. The HOME income targeting requirements specify who can live in HOME units (based on income) and how much rent the tenants can pay. HUD requires that *all* HOME-assisted units be occupied by low-income households. HOME rental projects are subject to two HOME Program income targeting requirements, for initial occupancy and for properties with more than five units:

- **Initial Occupancy.** At *initial project lease-up*, at least 90% of the households assisted must have incomes at or below 60% of area median income. (This includes programs for acquisition and/or development of rental housing.) The balance of assisted households (up to 10%) must have incomes that do not exceed 80% of the area median income. (See [Exhibit 19-Unit Mix Examples for Projects with Five \(5\) or More HOME-Assisted Units](#), Example 1, for more guidance.)
- **Properties with Five or More HOME-Assisted Units.** For rental properties with five or more HOME-assisted units, HOME requires deeper income targeting to serve needier residents. *At least 20% of the HOME-assisted rental units must be occupied by families who have annual gross incomes at or below 50% of area median income.* These units must be rented at no more than the Low HOME Rents. The remaining units can be rented at no more than the High HOME Rents. This requirement applies throughout the period of affordability. (See [Exhibit 19-Unit Mix Examples for Projects with Five \(5\) or More HOME-Assisted Units](#), Example 2, for more guidance.)

**NOTE:** Owners/Managers of properties with fewer than five HOME-assisted units are not required to restrict any units to very low-income tenants or impose the Low HOME Rent.

**NOTE:** Income targets may be more stringent than those specified, but never less stringent.

**The HOME income limits** represent the *maximum* anticipated annual gross income of a household residing in a HOME-assisted unit. The HOME Program has two income limits:

- Tenants that live in High HOME Rent units must be low-income households, with incomes that are at or below 80% of area median income.
- Tenants that live in Low HOME Rent units must be very low-income households, with incomes that are at or below 50% of the area median income.

**NOTE:** Very low-income households may occupy High HOME Rent units and pay High HOME Rents if no Low HOME Rent units are available.

Owners/Managers must determine that a *prospective tenant* is income-eligible *before* renting a HOME-assisted unit to that household. This involves first, determining and verifying the tenant household's anticipated annual gross income; and second, comparing it to the HOME low-income limit (for a High HOME Rent unit) or very low-income limit (for a Low HOME Rent unit). If the applicant's income is greater than the HOME income limit, the household cannot occupy a HOME unit. For the initial income-eligibility determination, Owners/Managers must examine income source documents to verify the accuracy of the income information that the tenant reports on the application.

**Acceptable source documents** include:

- Wage statements for approximately the preceding 60 days, if employment is steady; or an average of the household's income for the past year, if employment is not steady or seasonal (such as construction workers or teachers);
- Interest statements;
- Unemployment compensation statements; and
- Third party verifications from employers, banks, or others with first-hand information about the applicant's finances. These verifications should be in writing, and can include documented telephone interviews.

**Unacceptable source documents** include:

- An applicant's income self-certification; and



- The certification from another program.

The income of *all* household members must be included, and the determination must be based on *income that is expected in the next twelve months*.

The household's anticipated annual income must be based on the actual income the household receives at the time the income determination is made. The Owner/Manager should secure source documentation that states the household's actual current income. The Owner/Manager can also request that the household provide documentation of current income dated either within the 60-day period preceding the determination date or the 60-day period following the request date. When the household reports little or no income, or when the income fluctuates throughout the year, the owner/manager can review source documents and determine an average of the household's past annual income over 12 months. The owner/manager can project the actual income forward 12 months to determine the household's anticipated annual income. Annual income must include income from *all* household members. Income or asset enhancement from the HOME-assisted project is not considered in calculating annual income.

Owners/Managers can use an applicant's income-eligibility determination for up to six months after the determination is made. If the applicant does not execute a HOME unit lease before six months have elapsed, the owner/manager must conduct a new examination of the tenant household's income-eligibility, based on a review of current source documents.

**Part III.E.4.** Provide an outline of how the Owner/Manager expects to verify a prospective tenant household's anticipated annual gross income

**Part III.E.4.a.** If income qualified, explain the process to determine if the tenant household meets the HOME low-income limit (for a High HOME Rent unit) or very low-income limit (for a Low HOME Rent unit)

**Part III.E.5.** Identify who will be responsible for performing the initial income certification and annual recertification functions

**Part III.E.6.** If these functions will be performed by a management company, identify who within the Grantee/Owner's organization will provide oversight to ensure HOME regulations are met

Owners/Managers must recertify a tenant household's income at least annually. HUD does not require that tenant income recertifications be done at any particular time in the year. However, the Owner/Manager must adopt a routine schedule for performing the annual income recertification. This schedule may be based on:

- The anniversary of the original income verification for the tenant; or
- Time of lease renewal; or
- An annual schedule whereby income recertifications for all tenant households are performed at the same time.

Once established, the recertification schedule and process must be used for all tenants throughout the period of affordability. It is important that the Owner/Manager use the most recent income limits issued by HUD when making income-eligibility determinations.

To occupy a unit that was assisted with both HOME and LIHTC funds, the tenant must be determined to be income-eligible for both programs, using the income limits issued for each program. In other words, the more restrictive income limits apply. See [Exhibit 16-Rules for Combining HOME Funds and Low Income Housing Tax Credits](#) for additional guidance.)

Things to keep in mind:

- An existing tenant of a HOME-assisted unit becomes over-income when the household's income exceeds the HUD-published income limit that applies to that household's size and the type of HOME unit (High HOME Rent unit or Low HOME Rent unit) that the household occupies. The steps that an Owner/Manager will take when a tenant is over-income must be provided in the final Part III of the Management Plan that will be required before the property becomes operational. (See [Exhibit 17-Managing Rental Unit Mix under HOME](#), for more guidance on managing rental unit mix under HOME (with no LIHTC units.)
- In general, owners/managers recertify the incomes of tenant households that include a person with a disability in the same way that they recertify other tenant household incomes. However, when a tenant with a disability was previously unemployed, and his or her family's household income increases because the person with a disability becomes employed or participates in a self-sufficiency program, a special exception applies. When recertifying the income of such a household, the owner/manager can exclude all the income earned by the person with a disability in the first year; and exclude half of the income earned in the second year. These exceptions apply regardless of which definition of annual gross income is used.

Additional guidance to implement this exclusion can be found at 24 CFR §5.617. Note, *previously unemployed* is defined as having "earned, the twelve months previous employment, no more than would be received for 10 hours of work per week for 50 weeks at the established minimum wage."

HUD's *Technical Guide for Determining Income and Allowances for the HOME Program Third Edition (HUD-1780-CPD January 2005)* provides additional information on determining income. Contact the HOME Program for a copy of the technical guide.

**Part III.E.7.** Provide an outline of how the Owner/Manager expects to verify a tenant household's anticipated annual gross income to determine if the household continues to be income-eligible to occupy its HOME-assisted unit

**Part III.E.8.** Explain the steps that will be followed to ensure that recertifications are performed in a timely manner, as required by the HOME Program

**Part III.E.9.** If these functions will be performed by a management company, identify who within the Grantee/Owner's organization will provide oversight to ensure compliance

## F. RESIDENT/TENANT SELECTION PROCEDURES

Tenant selection procedures describe the methods and procedures for taking applications and screening tenants. The requirements are found in 24 CFR §92.253(d). Tenant selection procedures must:

- Be consistent with the purpose of providing housing for low-income and very low-income households
- Be reasonably related to HOME Program eligibility and the tenant's ability to perform the obligations of the lease
- Provide for the selection of tenants based on a written waiting list in the chronological order of application, to the extent practicable
- State that the Owner/Manager will give prompt written notice to any rejected applicant, with an explanation of the grounds for rejection

See [Exhibit 10](#), *Tenant Selection Procedures*

**Part III.F.1.** Describe the application process or waiting list development

**Part III.F.1.a.** Explain how information and rental applications are to be made available to the public before the opening of the project

**Part III.F.1.b.** Attach a copy of the rental application; draft copy is acceptable

Tenants should be selected based on *objective* criteria, related solely to program qualifications and ability to pay rent and abide by the terms of the lease. These selection criteria might include household income, housing history, credit history, and/or lack of criminal record. Owners/Managers must apply the criteria *consistently to all applicants*, in accordance with fair housing laws.

Tenant selection criteria should expressly prohibit bias in the selection process including discrimination or favoritism toward friends or relatives, or other situations in which there may be a conflict of interest.

Tenant selection criteria can give preference to persons with special needs, e.g., the elderly or persons with disabilities, only if the preference is specified in the [State of Montana Consolidated Plan](#) and identified in the Grantee's HOME grant application. Generally, Owners/Managers cannot give a preference for persons with a *specific type* of disability. Although HOME funds can be used to assist housing that gives a preference for persons with disabilities generally, civil rights laws (which confer certain protections on persons with disabilities) in most cases prohibit Owners/Managers from discrimination based on the *nature* of the disability. Consequently, HOME-assisted housing for persons with disabilities must be equally available to *all* persons with disabilities. Owner/Managers may offer and advertise non-mandatory services that may be appropriate for persons with a particular need or disability.

**NOTE:** The only exception to this rule is for housing for persons with a specific type of disability who could not reside in housing that is available to the general public. In practice, this exception would apply to persons whose disabilities require them to have on-site supportive services (such as 24-hour supervision), because without the on-site services, these persons would be unable to maintain themselves in housing. See 24 CFR §8.4(b)(1)(iv).

Tenant selection procedures should describe the HOME requirements that affect tenants and tenant selection in terms that are clear and easy to understand. The procedures and selection criteria should be available in alternative formats/languages.

**Part III.F.2.** Identify the criteria that will be used to select tenants, ensuring the following in the tenant selection procedures are addressed:

**Part III.F.2.a.** How vacant units will be filled

**Part III.F.2.b.** HOME unit occupancy requirements

**Part III.F.2.c.** Tenant selection records that must be maintained

**Part III.F.2.d.** Indicate if references from previous landlord/property manager, employer, or personal references will be required

**Part III.F.2.e.** If alternative forms of credit for persons without a credit history such as timely medical, utility or rental payments, will be used, describe

**Part III.F.2.f.** Indicate if a criminal background check will be conducted

- If so, describe how it will impact the applicant

**Part III.F.3.** Indicate who will oversee the tenant selection process

Include name(s), title(s), and phone number(s)

**Part III.F.3.a.** Indicate if there is a resident selection committee

- If so, is the selection of tenants by the committee subject to review



- If so, describe by whom and under what conditions

**Part III.F.4.** Specify the timeframe in which the Owner/Manager will notify an applicant in writing if he/she has been rejected and the reason for the rejection (required element)

**Part III.F.5.** Describe the appeal process for rejected applications

**Part III.F.6.** Indicate if application fees will be required of applicants

- If so, indicate the amount
- Specify under what circumstance(s) the fee would be refundable, if any

## G. PROPERTY (HQS) INSPECTIONS

**Part III.G.1.** Identify who will be performing the initial housing quality standards (HQS) inspections and the annual re-inspections

- Attach a resume' and copies of certifications that support the qualifications of the person to perform the HQS inspections

**Part III.G.2.** Explain the steps that will be followed to ensure that re-inspections are performed on schedule

**Part III.G.3.** Identify who will provide oversight to ensure HOME regulations are met

Include name(s), title(s) and phone number(s)

**Part III.G.4.** If deficiencies are found during the HQS inspections, describe the steps to be taken to correct the deficiencies

- Attach the policies and procedures, including timeframes, for correcting deficiencies

**NOTE:** An owner of rental housing assisted with HOME funds must maintain the housing in compliance with the housing quality standards in 24 CFR §982.401. HQS inspections must be performed on all HOME-assisted units at least annually. For the Inspection Checklist Owners/Mangers must use, see Exhibit 7-B: [form HUD-52580-A \(long form\)](#) or [form HUD-52580 \(short form\)](#), [Chapter 7, HOME Administration Manual](#). Evidence of annual HQS inspections must be maintained in tenant files.

**NOTE:** At a minimum, there must be a separation of duties between persons responsible for maintenance and those responsible for performing inspections. The HOME Program recommends using an independent contractor for inspections to assure compliance.

## H. TENANT LEASES, RIGHTS, PROTECTIONS, AND SERVICES

Owners/Managers must develop tenant selection policies and criteria to ensure that all applicants and tenants are treated equitably.

**Every** tenant **MUST** have a **written** lease. Program service agreements and personal responsibility agreements are **NOT** leases.

The *initial* lease term *must be* for at least twelve (12) months, unless an exception is granted by the HOME Program for certain transitional housing projects. After the initial 12-month lease period is complete, the lease may be month-to-month (the lease term can never be less than 30 days) by mutual agreement between the Owner/Manager and the tenant. If the tenant agrees to a different term, that agreement should be noted in writing in the tenant's file.

**NOTE:** The lease *must* be submitted with the final management plan and approved by the HOME Program. The HOME Program requires Owners/Managers to review their leases, policies, procedures, and management plan at least annually (around the time that Annual Rental Certifications are due to the HOME Program) to ensure the documents are consistent with actual operations. Prior to implementing any changes to the initial HOME-approved lease, the lease must again be approved by the HOME Program before use.

Leases must clearly state that the Owner/Manager reserves the right to adjust tenant rents, in accordance with HOME rent limits and in the event a tenant's income increases above the low-income or very low-income limits, for the unit type (High HOME Rent or Low HOME Rent) the tenant occupies.

Leases must clearly state that the Owner/Manager, the HOME Program and HUD have the right to inspect the HOME-assisted unit during the period of affordability and specify how much notice must be given to the tenant in accordance with state law.

**NOTE:** Any significant policies, processes, procedures, etc. not included in the lease must be made available to the tenant and must be appropriately referenced in the lease.

The lease cannot contain any prohibited lease terms; see [Exhibit 9-Prohibited Lease Terms and Checklist to Verify the Lease Conforms to HOME Requirements](#).

The lease and subsequent changes are subject to approval by the HOME Program

**Part III.H.1.** Answer the following questions AND attach a copy of the lease agreement(s) and tenant policies.

**Part III.H.1.a.** Indicate the term (12-month, month-to-month, etc.) of each lease

**Part III.H.1.b.** Describe the rent collection policies

- Explain when, where, and how a tenant can pay his/her rent
- Indicate if cash, checks, and/or money orders will be accepted
- Specify by when the rent must be paid
- Indicate if late fees will be charges
  - If so, specify the amount and when they commence

**Part III.H.1.c.** Describe the security deposit, pet deposit (if pets are allowed-note: service or comfort animals are NOT pets), cleaning deposit or other deposit requirements

- Describe the conditions under which they will be refunded
- Identify any portion that is nonrefundable
- Explain how damage will be assessed to units

**Part III.H.1.d.** Describe other property rules regarding topics such as noise, pets, overnight or extended-stay guests, parking, use of community facilities, and maintenance of the unit

**Part III.H.1.e.** Describe the move-in and move-out policies

- Indicate how much advance notice a tenant provide must before moving out
- Describe the orientation materials or services that will be provided to acquaint tenants with the project

**Part III.H.1.f.** Describe the process for determining rent increases and informing tenants

- Specify the maximum percentage increase that can occur in a twelve-month period
- Specify how frequently increases will be assessed (annually, semi-annually, etc.)
- Describe the process for ensuring tenants receive at least a 30-day notice

**NOTE:** Owners/Manages can only terminate the tenancy or refuse to renew the lease of a tenant of a HOME-assisted unit for good cause, which includes:

- Serious or repeated violation of terms and conditions of the lease
- Violation of applicable federal, state, or local law
- Completion of the tenancy period for transitional housing
- Other good cause, as defined by the lease

An increase in tenant income is NOT considered good cause and an Owner/Manager CANNOT terminate or refuse to renew a lease because a tenant is over-income.

When good cause exists, an Owner/Manager may terminate or refuse to renew tenancy by:

- Serving notice upon the tenant at least 30 days before the termination of tenancy. This notice must specify the grounds for termination or refusal to renew the lease
- Documenting the property files with a justification for terminating the lease and a copy of the 30-day written notice to the tenant

**Part III.H.2.** Attach a copy of the termination policies and procedures; draft policies and procedures are acceptable

**Part III.H.3.** If there is community space in the project (community room, laundry area), describe the community space, explain how it will be utilized, and provide the rules that will govern its use

**Part III.H.3.a.** Specify if it is available to the public at large for a fee or solely for the use of the tenants.

**Part III.H.4.** Describe the management's plan for delivering community/resident services within the project, if applicable

**Part III.H.5.** Identify required or optional resident services that are expected to be available such as laundry, housekeeping, counseling, meals, health care, education, employment services, childcare, etc.

**Part III.H.5.a.** If available, specify if the cost will be subsidized through other sources or paid separately by tenants

- Describe how the costs are paid for and/or subsidized

HUD discourages *mandatory* fees and services in HOME projects. Such mandatory fees, surcharges, and services are subject to HOME Program written approval before they can be imposed on a tenant. Generally, if imposed, HUD requires the owner/manager to *deduct* all mandatory fees from the HOME rent limit to determine the maximum rent that can be charged for a unit. In addition, the Montana HOME Program must consult with its HUD representative for guidance on mandatory fees on a project-by-project basis before approving the mandatory fee, surcharge, or service.

**Part III.H.6.** If support services are required by the target population, identify how these support services will be provided

**Part III.H.6.a.** Identify the resources that will pay for these services

**Part III.H.7.** Describe the measures that will be taken to protect the confidentiality of personal data on the tenant or applicant

Grantee/Owners/Managers are responsible for safeguarding personally identifiable information and preventing potential breaches of this sensitive data. HUD and MDOC are committed to protecting the privacy of individuals' information stored electronically or in paper form, in accordance with federal

privacy laws, guidance, and best practices. HUD expects those who collect, use, or maintain personal information to protect the privacy of that information.

Personally Identifiable Information is defined in OMB M-07-16 as “...information which can be used to distinguish or trace an individual’s identity, such as their name, social security number, biometric records, etc. alone, or when combined with other personal or identifying information which is linked or linkable to a specific individual, such as date and place of birth, mother’s maiden name, etc.”

Sensitive Personally Identifiable Information (PII) is personally identifiable information that when lost, compromised or disclosed without authorization could substantially harm an individual. Examples of sensitive PII include social security or driver’s license numbers, medical records, and financial account numbers such as credit or debit card numbers.

Grantees/Owners/Managers should develop policies to implement the following to help ensure personally identifiable information is safeguarded and to prevent potential breaches of this sensitive data:

- (1) Limit collection of PII
- (2) Manage access to sensitive PII
- (3) Protect hard copy and electronic files containing sensitive PII
- (4) Protect electronic transmissions of sensitive PII via fax, email, etc.
- (5) Protect hard copy transmissions of files containing sensitive PII
- (6) Develop records management, retention and disposition policies, procedures, and protocols

## I. TENANT-MANAGEMENT RELATIONSHIP

For properties that are owned, developed, or sponsored by a CHDO, the property **must** have a **tenant participation plan** to ensure the tenants are involved in the management and decision-making of the property. (The HOME Program encourages other, non-CHDO Grantees to develop a tenant participation plan.) **Tenant participation** in management decisions can be achieved in a number of ways. Two common options are:

- Involvement of a tenant association to act as a formal body to provide input for project management; or
- Tenant election of a representative who acts as a liaison with management

**Part III.I.1.** If original HOME Grantee is a CHDO, attach the Tenant Participation Plan (recommended for non-CHDO Grantees), draft plan is acceptable

CHDO properties **must** also have **fair lease and grievance procedures** for participants (24 CFR §92.303). (Other, non-CHDO, Grantees are encouraged to have a fair lease and grievance procedures for participants.)

- **Fair lease and grievance procedures** should be objective and impartial. They should clearly state:
  - To whom a tenant should direct a complaint; or
  - Who will investigate and/or respond to the complaint
  - By when the tenant should expect a response. Responses to complaints should be documented in writing

**Part III.I.2.** Describe fair lease and grievance procedures for participants; draft procedures are acceptable

**Part III.I.2.a.** Explain how tenant complaints or grievances will be handled

**Part III.I.2.b.** Attach copy of complaint or grievance procedures for participants

**J. MAINTENANCE AND REPAIR PROGRAM**

The total development, not just the HOME-assisted units, must be maintained in compliance with all applicable housing quality standards and local code requirements. All HOME-assisted properties must be maintained as decent, safe and sanitary housing.

Rental properties are valuable assets. Maintaining the physical condition of the properties helps owners retain the value in their investments and promotes financial viability. Section C, Part V of the Uniform Application should include adequate funds for property maintenance.

Management of the property should include and adequately address the operational issues outlined below.

*Routine and preventative maintenance:* Properties need routine preventative maintenance. The property owner should have a schedule for preventative maintenance on a regular, seasonal, and/or annual basis. Routine maintenance problems should be addressed in order of priority as expeditiously as possible. Deferred maintenance often leads to more costly repairs in the future.

**Part III.J.1.** Attach a copy of the maintenance policy and schedule for the property. At a minimum, the policies should address, but is not limited to, the following:

**Part III.J.1.a.** Describe maintenance and repair procedures and systems

- Explain how tenants can request a repair during business hours
- Explain how they report an emergency after hours
- Specify the period for addressing routine maintenance requests and for emergency maintenance requests
- Explain how the work quality of repairs is controlled

**Part III.J.1.b.** Describe the work order system(s)

The property's work order system should identify and track work requests that are brought to the property manager's attention. The property owner/manager must be able to prioritize work that needs to be done in a flexible schedule. The system should distinguish urgent and routine request. All legitimate work requests should be filled in a timely manner. The property manager should maintain a work order system that records who requested the work to be done; location of the problem; who is assigned to complete the work; what was done to solve the problem; time it took for the problem to be resolved; and cost of materials used in making the repair.

**Part III.J.2.** If the rental housing was constructed prior to 1978 and lead-based paint was found or was presumed, but not abated:

**Part III.J.2.a.** Describe the plan for tenant notification and disclosure

**Part III.J.2.b.** Describe the annual monitoring and maintenance plan to ensure the paint remains intact and does not pose a threat to occupants (i.e., not peeling and chipping)

**Part III.J.2.c.** Describe the process for responding to a child with an elevated blood lead level

**Part III.J.3.** Explain how maintenance services will be provided

**Part III.J.3.a.** Specify if there will be a maintenance person on-site or if the services contracted

- If contracted services, identify how often the contracts are renewed or reevaluated

**Part III.J.3.b.** Describe the policy for clearing the sidewalks and parking areas of snow or leaves

- Explain how these will be reviewed against applicable town, city, or county ordinances to ensure compliance

**Part III.J.3.c.** Identify the schedule for cleaning entryways, halls and other common areas

**Part III.J.3.d.** If applicable, describe the procedures to control the purchase of equipment, supplies and repairs

- Define the limitations of the property manager to purchase of equipment and supplies and approve repairs without owner authorization
- Describe the procedures to inventory maintenance equipment, parts and supplies

**Part III.J.4.** Describe procedures that will be used in inspecting dwelling units before move-in and move-out

**Part III.J.4.a.** Explain how charges for tenant damages will be billed and collected

**Part III.J.4.b.** Describe the procedures that will be employed in preparing vacant units for new tenants

**Part III.J.5.** Describe the schedule for interior and exterior painting and decorating

*Capital repairs and improvements:* Adequate and timely attention to capital repairs will ensure the property's long-term physical viability. If unprepared, the financial cost of a major systems failure in the property can cause a significant financial strain on a property. Owners should establish adequately funded reserve accounts to prepare for this type of financial emergency. Effective budgeting for capital repairs and improvements is critical to ensure that all of the property's capital needs are addressed on a timely basis.

*Property security:* Adequate security is needed to protect the safety of tenants and protect the property, to the greatest extent feasible. Security steps might include maintaining doors, windows, locks, and building entry systems; providing and maintaining adequate lighting; ensuring the integrity of fences and barriers; and providing thoughtful landscaping and structural attributes that enhance a tenant's visibility to and from exterior doorways to prevent hiding places for unwanted visitors.

**Part III.J.6.** Describe how security issues will be addressed, including steps taken to address security issues

## K. FINANCIAL MANAGEMENT OF THE PROPERTY

The HOME Program requires that a HOME-assisted property be maintained as affordable housing throughout the affordability period. To do this, a property must remain financially and physically viable. The Grantee/Owner/Manager must undertake important tasks that ensure that the property remains financially and physically viable.

The Grantee/Owner/Manager should have performance goals for the property that are reviewed in order to monitor the property's long-term financial and physical health, regardless of whether employees of the Grantee/Owner manage the property or property management is contracted. Performance goals describe how the Grantee/Owner would like its HOME-assisted property to perform from a financial perspective. These goals are communicated to the property manager and are the basis for the property manager's reports to the Grantee/Owner. The Grantee/Owner should specify these goals in a written agreement with the Property Manager.

Progress towards performance goals can be tracked by using a small number of “key indicators” that relate directly to the specific goal and can be measured and monitored frequently. For example, in order to assess the performance goal of full occupancy, the Grantee/Owner might use the occupancy rate as a measurable indicator. By tracking the occupancy rate over time, the Grantee/Owner knows how well the property is meeting its full occupancy goal. This information then helps the property manager make operational decisions, such as how much marketing to conduct and where.

The following indicators can help the Grantee/Owner track a number of common property management goals:

- Rent collection rate
- Vacancy rate
- Turnover rate
- Compliance with HOME standards
- Work order completion
- Expense to budget ratio
- Outstanding accounts receivable
- Outstanding accounts payable
- Resident satisfaction.

At a minimum, the Grantee/Owner should review the performance of the property in the following key areas:

- Adherence to income limits, rent limits, and occupancy standards
- Financial management, including rent collections and cash controls
- Physical management, including routine maintenance, capital planning, and property standards
- Adherence to lease and tenant rights requirements
- Affirmative marketing

The Grantee/Owner should routinely review the property manager’s adherence to the budgets that have been established, and the property’s cash flow. Operational issues to consider in undertaking a cash flow analysis are:

- Gross potential rent income for HOME-assisted and non-assisted units
- Rent loss
- Vacancy loss
- Concession loss
- Bad debt loss
- Other income
- Marketing expenses
- Payroll expenses
- Property management fee
- Other administrative expenses
- Utility costs
- Non-housing services costs
- Security costs
- Normal repair costs
- Real estate taxes
- Property insurance



- Liability insurance
- Capital expenditures
- Net operating income
- Debt service
- Asset management costs

Based on the results of the cash flow analysis, the Grantee/Owner should make necessary adjustments to the property's operating, maintenance, and capital expense budgets. The Grantee/Owner should also review other indicators of the property's overall health such as vacancy rates, tenant complaints, vandalism incidents, and reported crime records. These areas can be early warning indicators of serious asset management issues.

As part of the annual certification process, the HOME Program will require the Grantee/Owner to submit documentation and reports that have detailed financial information about the performance of the property. Financial reports include a financial audit or another financial statement acceptable to the HOME Program. The HOME Program will use these reports to monitor and track the property's financial health.

Generally, the Grantee/Owner should submit the following information with the annual certification:

- The property's gross rent potential
- Actual rent collections
- Tenant accounts receivable
- Accounts payable
- Beginning and ending cash balance
- Number of, and reasons for, vacancies
- Units off-line

The HOME Program will review the information to evaluate the financial stability of the property. It may contact the Grantee/Owner if it identifies any signs that indicate the property may be having financial difficulties, such as a high amount of accounts payable or tenant accounts receivable, excessive debt on the property, and cash flow problems.

In accordance with HUD regulation, the HOME program must hold Grantees accountable for compliance with the HOME Program requirements. When **instances of noncompliance** occur, the HOME Program must ensure that they are corrected. The **corrective actions** may vary, depending on the seriousness or type of violation that occurs.

When HOME-assisted properties fail to provide affordable housing to low- and very low-income households before the end of the affordability period, the HOME Program will be required to repay HOME funds to HUD. The HOME Program will pass on this obligation to the Grantee as well. Therefore, it is important for the Grantee/Owner to monitor properties to ensure that they remain financially viable during the affordability period. The Grantee/Owner should look for early warning signs of financial trouble, and should intervene as early in the process as possible, in order to address the problems.

Many problems that arise in HOME-assisted properties are best resolved when the Grantee, Owner, and HOME Program work collaboratively. The Grantee/Owner should keep the HOME Program informed when they identify problems. The HOME Program is motivated to help the Grantee/Owner keep the property financially viable and in good physical condition. This maintains the supply of affordable rental housing units in the jurisdiction and minimizes the risk of repayment of HOME funds to HUD.

Early Warning Signs to Identify Failing Property Performance		
Performance Indicator	Performance Standard (typical)	Early Warning Signs
Tenant receivables	95% of the property's gross potential rent should be collected	Tenant receivables above this level suggest that the property is not receiving all available income, and may quickly make it difficult for property managers to pay bills on time, or make required reserves deposits <i>Possible causes:</i> Lax management/rent collection efforts; or tenants' inability to pay due to unemployment/ problems in the local economy
Unit turnaround	Vacant units should be re-rented in three to fourteen days	Slow unit turnaround results in a loss of income for the property. <i>Possible causes:</i> Management issues (such as poor communication between maintenance and office management) or marketing difficulties (e.g., finding qualified tenants).
Vacancy rate	Properties should be 93% - 95% occupied, as indicated on occupancy reports and rent rolls	Higher vacancy rates result in a loss of income for the property <i>Possible causes:</i> Management problems, marketing issues, neighborhood decline.
Breakeven	Breakeven point is the occupancy level at which operating expenses and debt service are covered: (operating expenses + debt service/rent roll)	The breakeven point is the occupancy level at which all expenses are covered. Occupancy below the breakeven point means the property cannot pay all expenses. A rising breakeven point year-to-year means that operating expenses are increasing faster than rents, and may result in an inability to pay all expenses in the future. <i>Possible causes:</i> Lax management/rent collection efforts; failure to increase rents; failure to control operating costs; under-budgeting of expenses; excessive debt.
Accounts payable	Majority of accounts are paid in a timely manner; 30-day or more delinquent accounts are pursued by management promptly	Increasing or high accounts payable and numerous past due accounts because the property is not paying its bills on time. <i>Possible causes:</i> Property manager is not collecting all available sources of revenue, or rents do not adequately cover the property's expenses.
Capital needs expenditures	Capital needs are addressed in a timely manner and based on a capital needs assessment / useful life analysis and schedule	Increasing or unexpected capital needs, or capital needs that are out of line with the budget and/or the planned timing of capital improvements. <i>Possible causes:</i> Poor initial planning; routine maintenance is not being performed. Note, the former will impact cash flow; the latter will result in premature systems and equipment failures.
Cash balance	Cash balance should be sufficient to cover anticipated monthly operating expenses	Decreasing or low cash balances mean that a property will have difficulty covering expenses in the near future. <i>Possible causes:</i> Either decreasing income to the property or increasing expenses. The cause(s) should be evident from the property's monthly financial statement.
Reserve balances	Operating and replacement reserve balances should be increasing year-to-year	If either/both operating and replacement reserves are declining, the property is using reserves faster than contributions are being made, and may lead to long-term problems. <i>Possible causes:</i> Under-budgeting of expenses or over-estimation of revenues; failure to collect rents.
Property condition	Property should receive routine maintenance and remain in standard condition	Deteriorating property condition or increase in code violations. <i>Possible causes:</i> Property does not have enough cash reserves to pay for needed maintenance or repairs, or poor management (i.e., the property manager is not addressing the property's maintenance needs). Poor physical condition of the property may result in violations of relevant local codes, which in turn violates HOME property standards requirements and may cause health and safety concerns for tenants. Ongoing neglect of the property's physical maintenance will lead to difficulties marketing the property to tenants.

Early Warning Signs to Identify Failing Property Performance		
Performance Indicator	Performance Standard (typical)	Early Warning Signs
Local economy and crime		Decline in the local economy that results in higher numbers of unemployed tenants and impacts rent collection; or increase in neighborhood crime that impacts the property's ability to attract good tenants, and also leads to problems collecting sufficient rent to cover expenses. Note, while the decline of the neighborhood can contribute to the decline of the property, so too can the decline of the property contribute to the stress or decline of a neighborhood.
Property management staff turnover		High or frequent staff turnover. <i>Possible causes:</i> Difficulties with managing the property.

### Part III.K.1. Prepare and attach an initial operating budget

The HOME Program anticipates that this operating budget will differ somewhat from the projected operating budget provided in the application

### Part III.K.2. Identify performance goals for the property that the Grantee/Owner will monitor

#### Part III.K.2.a. Identify performance standards

#### Part III.K.2.b. Specify the required reports, reporting frequency, and to whom the report will be directed

#### Part III.K.2.c. Outline a corrective action plan for addressing problems that may be identified during future reviews of performance standards and goals, including timeframes

- Identify who will be responsible for oversight at the Owner level and the Grantee level (if Grantee and Owner are different)
- Specify at what point the HOME Program will be contacted for technical assistance

### Part III.K.3. Identify the process for generating financial statements to track the *property's* financial status

#### Part III.K.3.a. Specify how frequently the *property's* financial statements will be generated

#### Part III.K.3.b. Identify who will be responsible for generating the statements

Include name(s), title(s), and phone number(s).

#### Part III.K.3.c. Identify who will be responsible for reviewing the statements

Include name(s), title(s), and phone number(s).

### Part III.K.4. Identify the process for securing independent audits of the property

### Part III.K.5. Identify the processes for undertaking capital planning and planning for physical improvements and/or expenditures of reserves

#### Part III.K.5.a. Identify who will be responsible for overseeing these processes

Include name(s), title(s), and phone number(s).

Appropriate corrective actions depend on the type of problem. In general, for early financial problems, the Owner/Grantee can:

- **Improve property management practices.** Many problems are the result of inadequate rental management practices. The Owner/Grantee must monitor their rental manager's performance, and see that the property manager is:
  - Collecting all available rent and fees, paying bills on time, and arranging for routine maintenance and capital improvements as needed
  - Using effective marketing techniques and changing techniques to fill vacancies as quickly as possible or reduce the turn-around time of vacant units
  - Trained in the HOME requirements and property management functions. The Owner/Grantee should train property managers or other property staff, particularly where it appears lack of training is the cause of nonperformance

When needed, The Owner/Grantee should replace the property manager, maintenance, or other staff.

- **Seek to lower costs.** These actions might involve renegotiating service contracts; reducing payroll costs; or, where appropriate, making an initial capital investment to install energy efficient appliances or equipment to lower utility costs.
- **Seek new sources of revenue.** Be sure the property manager is collecting all possible sources of revenue. If so, the Owner/Grantee may need to identify new sources of revenue. In some situations, property managers may be able to help eligible tenants qualify for tenant-based rental assistance. In limited circumstances, the Owner/Grantee might use funds from the replacement reserve accounts to cover short-term expenses. However, this should be done *only when the funds can be repaid*.

## SIGNATURES

*(To be completed AFTER final Management Plan accepted by HOME Program; must be completed before final draw request will be processed)*

### ACCEPTED BY:

\_\_\_\_\_  
**Original Signature**  
 (Printed or Typed Name)  
 (Printed or Typed Title)

\_\_\_\_\_  
 Date

### APPROVED BY:

\_\_\_\_\_  
**Original Signature**  
 (Printed or Typed Name), HOME Program Specialist

\_\_\_\_\_  
 Date

\_\_\_\_\_  
**Original Signature**  
 Maureen Martin, Bureau Chief, Housing Division, MDOC

\_\_\_\_\_  
 Date